



City of
Coeur d'Alene
IDAHO

City of Coeur d'Alene, Idaho

Audited Financial Statements

September 30, 2016

City of Coeur d'Alene, Idaho

TABLE OF CONTENTS September 30, 2016

FINANCIAL SECTION:

Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16 – 17
Fund Financial Statements:	
Balance Sheet-Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds.....	23
Statement of Cash Flows – Proprietary Funds.....	24
Statement of Fiduciary Net Position – Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	26
Notes to the Financial Statements.....	27 – 73
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund	74
Notes to the Budget to Actual Schedule.....	75
Police Retirement Trust Fund:	
Schedule of Employer Contributions	76
Schedule of Funding Progress	76
Schedule of Changes in Net Pension Liability and Related Ratios.....	77
Schedule of Net Pension Liability and Contributions – Police Retirement Pension Plan.....	78
Schedule of Funding Progress for Post-employment Benefit Plans.....	79
Schedule of City's Share of Net Pension Liability and Contributions – PERSI Base Plan.....	80
Schedule of City's Share of Net Pension Liability and Contributions – PERSI FRF Plan.....	81

City of Coeur d'Alene, Idaho

TABLE OF CONTENTS September 30, 2016

Other Supplementary Information:

Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	83
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	84 – 85
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Special Revenue Funds	86 – 87
Combining Balance Sheet - Nonmajor Debt Service Funds	88
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Debt Service Funds.....	89
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	90 – 91
Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Capital Projects Funds	92 – 93
Combining Statement of Net Position – Nonmajor Proprietary Funds	94
Combining Statement of Revenue, Expenses and Changes in Fund Net Position – Nonmajor Proprietary Funds	95
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	96

SINGLE AUDIT SECTION:

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97 – 98
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133.....	99 – 100
Schedule of Expenditures of Federal Awards	101
Notes to Schedule of Expenditures of Federal Awards.....	102
Schedule of Findings and Questioned Costs	103 – 104

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



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

INDEPENDENT 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Coeur d'Alene's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14, the schedule of the City of Coeur d'Alene's share of net pension liability and pension contributions for the PERSI Base and FRF plans on pages 80-81, 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 76-78, the schedule of funding progress for postemployment benefit plans on page 79 and the budgetary comparison information on pages 74-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coeur d'Alene's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2017 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 9, 2017

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, 2016

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, 2016.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$311,350,786 (net position). Of this amount, \$26,196,954 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$6,467,128. This increase is made up of a 2.28% increase in the business activities and a 1.92% increase in the governmental activities.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$19,546,337 a decrease of \$2,101,852. This decrease is attributed to spending, in fiscal year 2015-16, half of the \$6,000,000 general obligation bond proceeds that were received in fiscal year 2014-15.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$8,788,602, or 20.82% of the amended 2016 budget of general fund expenditures. The percentage for the year before was 21.34%, a reduction of 0.52%.
- The City's total debt decreased by \$2,005,093 during fiscal year 2015-2016. The only new debt the City incurred in fiscal year 2015-16 was due to an increase in compensated absences. In fiscal year 2014-15 the City sold \$6,000,000 in general obligation bonds for the construction, acquisition and equipping of shared police / fire facilities, a mobile command / crime scene trailer and truck, construction and equipping of a covered parking area 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, 2016

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, 2016

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 89.55% 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 2.04% 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, 8.41%, 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, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

A summary of the City's net position follows:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	\$ 23,012,334	\$ 24,056,667	\$ 23,079,696	\$ 19,696,653	\$ 46,092,030	\$ 43,753,320
Net pension asset-FRF plan	3,938,556	3,981,015	-	-	3,938,556	3,981,015
Capital assets	133,661,451	131,148,212	182,651,837	182,073,669	316,313,288	313,221,881
Total assets	160,612,341	159,185,894	205,731,533	201,770,322	366,343,874	360,956,216
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows-base plan	5,726,558	3,384,533	1,145,971	691,102	6,872,529	4,075,635
Deferred pension outflows-FRF plan	2,024,013	1,097,064	-	-	2,024,013	1,097,064
	7,750,571	4,481,597	1,145,971	691,102	8,896,542	5,172,699
LIABILITIES						
Other liabilities	14,115,187	9,923,181	4,050,545	2,082,952	18,165,732	12,006,133
Net pension liability-base plan	10,022,055	6,575,089	2,012,068	1,342,593	12,034,123	7,917,682
Other long-term liabilities	981,757	5,210,075	27,812,097	29,705,312	28,793,854	34,915,387
Total liabilities	25,118,999	21,708,345	33,874,710	33,130,857	58,993,709	54,839,202
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows-base plan	3,343,318	4,241,027	691,634	865,991	4,034,952	5,107,018
Deferred pension inflows-FRF plan	860,969	1,299,037	-	-	860,969	1,299,037
	4,204,287	5,540,064	691,634	865,991	4,895,921	6,406,055
NET POSITION						
Net investment in capital assets	125,548,059	122,245,778	153,265,104	151,457,629	278,813,163	273,703,407
Restricted	6,340,669	10,630,024	-	-	6,340,669	10,630,024
Unrestricted	7,150,898	3,543,280	19,046,056	17,006,947	26,196,954	20,550,227
Total net position	\$ 139,039,626	\$ 136,419,082	\$ 172,311,160	\$ 168,464,576	\$ 311,350,786	\$ 304,883,658

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, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for services	\$ 3,956,140	\$ 3,586,847	\$ 20,002,712	\$ 19,575,172	\$ 23,958,852	\$ 23,162,019
Operating grants and contributions	957,682	1,995,247	-	-	957,682	1,995,247
Capital grants and contributions	72,315	685,498	5,265,459	3,620,151	5,337,774	4,305,649
General revenues:						
Property taxes	20,954,504	20,451,448	-	-	20,954,504	20,451,448
Sales tax	3,320,330	3,062,069	-	-	3,320,330	3,062,069
Franchise fees	3,225,662	3,300,627	-	-	3,225,662	3,300,627
Motor fuel taxes	2,242,163	1,636,545	-	-	2,242,163	1,636,545
Alcoholic beverage taxes	1,164,085	1,084,985	-	-	1,164,085	1,084,985
Grants and contributions not restricted to specific purposes	2,713,157	2,628,337	-	-	2,713,157	2,628,337
Interest and investment earnings	207,976	64,442	185,830	156,142	393,806	220,584
Miscellaneous	981,995	585,398	-	-	981,995	585,398
Special assessments	9,458	862,105	-	-	9,458	862,105
Donated assets	1,704,314	1,592,864	-	-	1,704,314	1,592,864
Total revenues	41,509,781	41,536,412	25,454,001	23,351,465	66,963,782	64,887,877
EXPENSES						
General government	6,412,467	6,222,149	-	-	6,412,467	6,222,149
Public safety	20,072,482	17,999,890	-	-	20,072,482	17,999,890
Public works	8,208,970	8,094,927	-	-	8,208,970	8,094,927
Culture and recreation	4,890,529	4,864,034	-	-	4,890,529	4,864,034
Administrative expense	92,097	1,978,225	-	-	92,097	1,978,225
Interest on long-term debt	161,999	283,968	-	-	161,999	283,968
Change in OPEB obligation	-	17,653	-	-	-	17,653
Water services	-	-	5,703,000	5,491,849	5,703,000	5,491,849
Wastewater	-	-	8,629,649	8,420,867	8,629,649	8,420,867
Sanitation	-	-	3,234,171	3,256,731	3,234,171	3,256,731
Other enterprise	-	-	1,754,371	1,686,392	1,754,371	1,686,392
Loss (gain) on asset disposal	236,556	-	(70,399)	(8,246)	166,157	(8,246)
Net pension expense (revenue)	807,926	(667,161)	362,836	267,543	1,170,762	(399,618)
Total expenses	40,883,026	38,793,685	19,613,628	19,115,136	60,496,654	57,908,821
Increase (decrease) in net position before transfers	626,755	2,742,727	5,840,373	4,236,329	6,467,128	6,979,056
Transfers	1,993,789	2,149,688	(1,993,789)	(2,149,688)	-	-
Change in net position	\$ 2,620,544	\$ 4,892,415	\$ 3,846,584	\$ 2,086,641	\$ 6,467,128	\$ 6,979,056

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

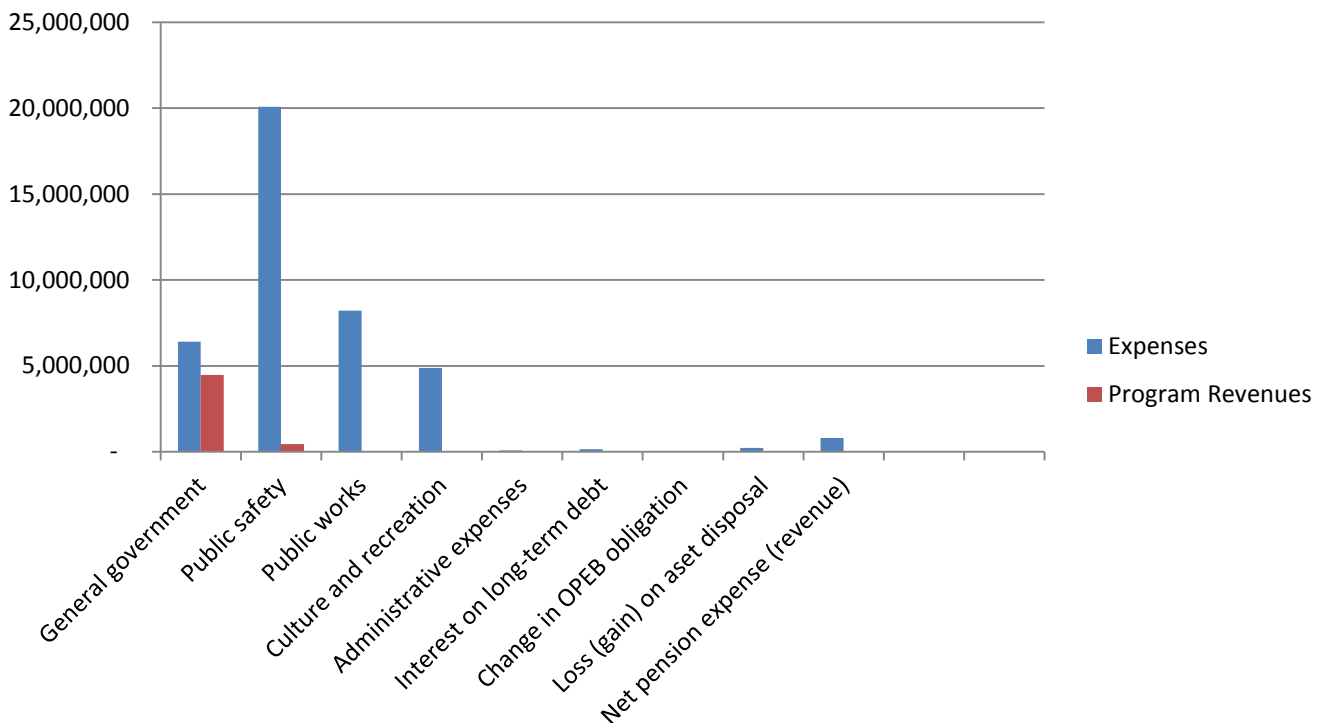
Major changes in governmental activities were as follows:

Governmental activities decreased the City's net position by \$2,620,544, which impacted the City's Governmental net position by approximately 1.92%. There was an increase in public safety expenses increased by \$2,072,592 from fiscal year 2014-15 to 2015-16. This increase was due to a staffing increase in the police department of 6 police officers and 1.5 support staff and a staffing increase in the fire department of 9 new firefighters. Administrative expenses decreased by \$1,886,128 mainly due to right of way purchases on Government Way that were completed in fiscal year 2014-15 with grant funds from the State. Pension expense increased by \$1,475,087 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 2015 and 2016.

Expenses and Program Revenues – Government Activities



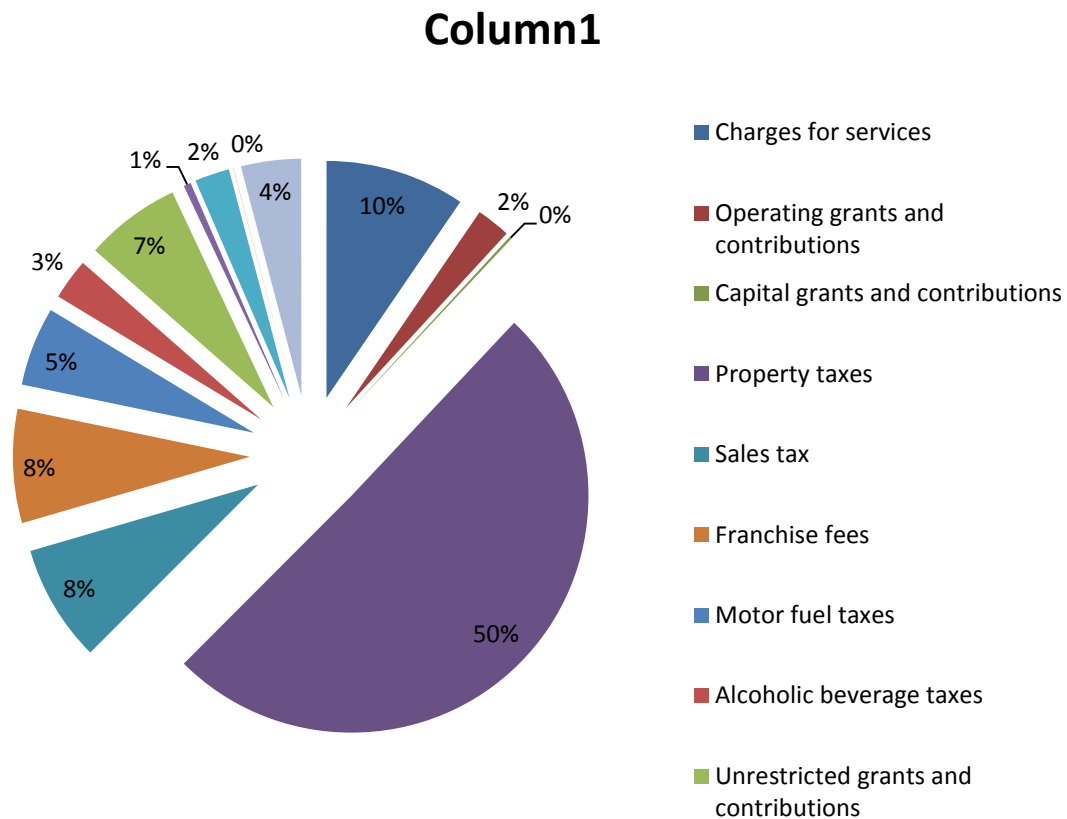
CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Activities:

Revenues by Source – Governmental Activities



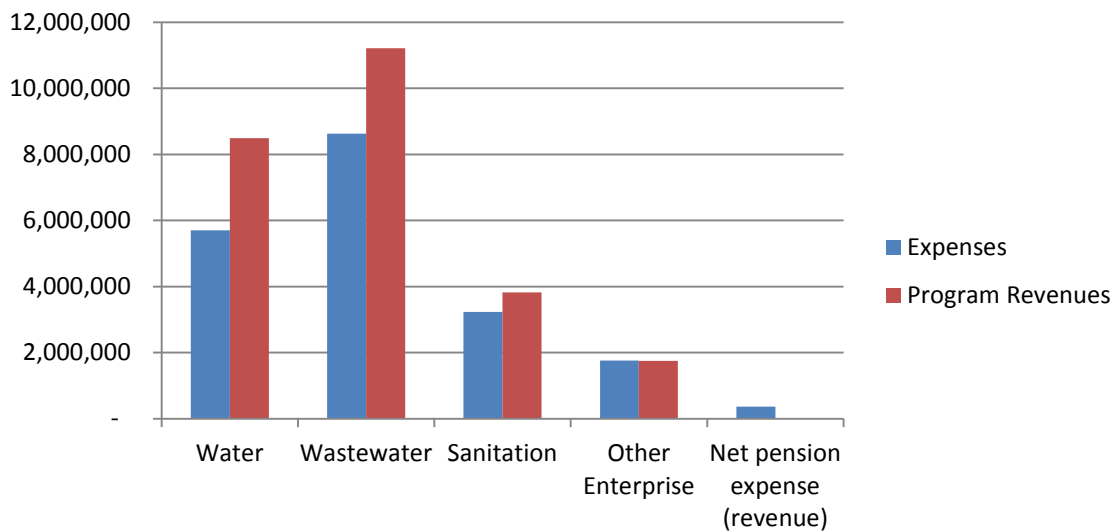
CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

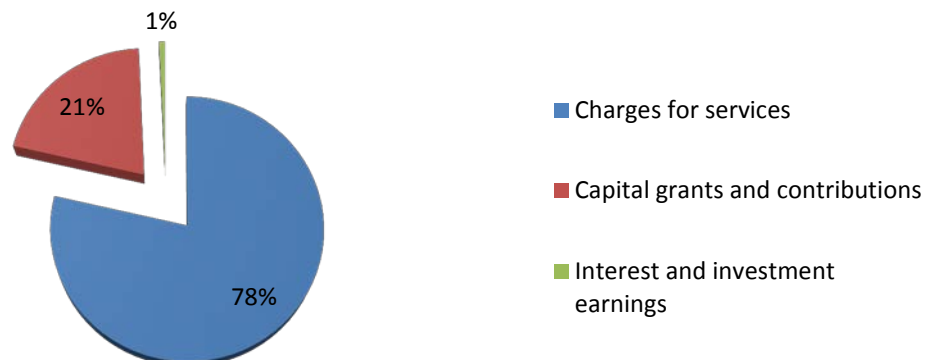
Business-Type Activities – Business-type activities increased the City's net position by \$3,846,584, which impacted the City's business-type net position by 2.28%. There was an increase in revenue from charges for services in the amount of \$427,540 mainly due to an increase in wastewater revenues of \$584,165. Revenue received from capital grants and contributions increased by \$1,645,308, due to a net increase in water cap fees and contributed capital of \$996,306 and a net increase in wastewater cap fees and contributed capital of \$649,002. Pension expense increased by only \$95,293, 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, 2016

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 \$19,546,337 a decrease of \$2,101,852. Of the \$19,546,337 fund balance \$8,656,270 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 \$12,533,639. 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 29.69% of 2016 budgeted expenditures and the unassigned fund balance of \$8,788,602 represents 20.82% of 2016 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 decreased by \$1,002,879. This decrease can be attributed to the spending of \$3,000,000 of the GO Bond proceeds that were received in fiscal year 2014-15 and revenues being \$1,959,996 higher than budgeted. Revenues increased \$1,730,539 from the previous year and expenses increased \$4,928,756. There was an increase in transfers in of \$806,160.

The fund balance of the City's General Fund decreased \$1,423,262. This decrease was also due to the expenditure of general obligation bonds in fiscal year 2015-16, the proceeds of which were received in fiscal year 2014-15 as well as the increase in revenues noted above.

The Cemetery Fund Special Revenue Fund had a fund balance deficit of \$16,530 at September 30, 2016 which will be corrected in fiscal year 2016-17 with an operating transfer in from the General Fund. LID Fund 149 had a fund balance deficit in the amounts of \$27,900. 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 \$517,651 all of which is designated to pay future debt service payments on the City's General Obligation Bonds.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$19,046,056. The total increase in net position for the funds was \$3,846,584. The majority of this increase is due to capital asset contributions of sewer and water lines.

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the Government's Funds (continued)

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 \$2,045,465. Amendments in the amount of \$745,000 were approved for public safety expenditures from the general obligation bond proceeds. These funds were not expended in fiscal year 2014-15 and were carried over to the 2015-16 fiscal year. The street overlay budget in the Engineering Department was also amended in the amount of \$179,360 to account for overlay projects that were not completed in fiscal year 2014-15 and were carried over and completed in fiscal year 2015-16. Other amendments included \$190,000 for constant manning expenses in the fire department \$104,250 for the planning phase of the city hall remodel and \$395,519 for expenses in the police department that were paid for with federal and state grants.

The budget amendment included the use of \$6,610,030 of General Fund Balance but in actuality \$6,000,000 of this was attributed to the balance held for the general obligation bonds that were partially spent in fiscal year 2015-16 with the remainder to be spent in fiscal year 2016-17.

Overall expenditures before transfers were \$3,368,688 under the final amended budget and \$1,323,223 under the original budget. Overall revenues before transfers were \$1,959,996 over the final amended budget of \$32,928,147 and \$2,521,214 under the original budget of \$37,409,357.

CAPITAL ASSETS

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2016, amounts to \$316,313,288. This investment in capital assets includes land, buildings, infrastructure, construction in progress, machinery and equipment and vehicles. This balance represents a net increase of \$3,091,407 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 increase in the net capital assets can be attributed to contributions of capital in the water and wastewater funds and contributed capital in the general fund from the urban renewal district ignite. These infrastructure improvements from ignite are located in the Fort Grounds / Four Corners area.

LONG-TERM DEBT

The City's long-term bonded debt decreased by \$2,005,093 in 2016; leaving a balance of \$40,827,977 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.

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 \$66,185,797 which is significantly higher than the City's net outstanding general obligation debt of \$7,217,265.

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City Council, for the third year in a row, chose not to take any of the available dollars through the allowed 3% increase in fiscal year 2015-16. 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 built Fire Station 4 in fiscal year 2015-16 and hired 9 new additional firefighters at the beginning of 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.

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:

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, 2016

	Primary Government			Component
	Governmental	Business-type		Unit
	Activities	Activities	Total	ignite cda
ASSETS				
Cash and cash equivalents	\$ 18,352,301	\$ 19,028,188	\$ 37,380,489	\$ 10,519,811
Investments	1,618,381	-	1,618,381	-
Receivables:				
Taxes delinquent	623,950	-	623,950	355,981
Accounts receivable	684,364	2,882,838	3,567,202	-
Special assessments	441,191	66,529	507,720	-
Prepaid expenses	-	2,141	2,141	-
Internal balances	(1,100,000)	1,100,000	-	-
Due from other governments	2,392,147	-	2,392,147	-
Deposits	-	-	-	8,060
Restricted cash - bond reserve	-	-	-	1,306,609
Net pension asset-FRF plan	3,938,556	-	3,938,556	-
Capital assets:				
Land	17,694,764	2,088,042	19,782,806	3,599,863
Construction in Progress	5,974,251	2,885,980	8,860,231	-
Capital assets, net of accumulated depreciation	109,992,436	177,677,815	287,670,251	1,466,868
Total assets	160,612,341	205,731,533	366,343,874	17,257,192
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows-base plan	5,726,558	1,145,971	6,872,529	-
Deferred pension outflows-FRF plan	2,024,013	-	2,024,013	-
Total deferred outflows of resources	7,750,571	1,145,971	8,896,542	-
LIABILITIES				
Accounts payable	2,616,553	1,892,757	4,509,310	25,500.00
Accrued payroll and related costs	1,259,313	-	1,259,313	3,892
Other accrued liabilities	-	100,000	100,000	-
Due to other governments	-	-	-	330
Deposits	192,977	-	192,977	8,660
Accrued interest payable	24,289	45,720	70,009	-
Net pension liability-base plan	10,022,055	2,012,068	12,034,123	-
Long-term liabilities:				
Due within one year	920,033	1,655,048	2,575,081	1,708,690
Due in more than one year	10,083,779	28,169,117	38,252,896	7,694,152
Total liabilities	25,118,999	33,874,710	58,993,709	9,441,224
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows-base plan	3,343,318	691,634	4,034,952	-
Deferred pension inflows-FRF plan	860,969	-	860,969	-
Total deferred inflows of resources	4,204,287	691,634	4,895,921	-
NET POSITION				
Net investment in capital assets	125,548,059	153,265,104	278,813,163	4,427,264
Restricted	6,340,669	-	6,340,669	(3,135,879)
Unrestricted	7,150,898	19,046,056	26,196,954	6,524,583
Total net position	\$ 139,039,626	\$ 172,311,160	\$ 311,350,786	\$ 7,815,968

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, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,412,467	\$ 3,956,140	\$ 527,129	-
Public safety	20,072,482	-	377,079	72,315
Public works	8,208,970	-	52,741	-
Culture and recreation	4,890,529	-	733	-
Administrative expense	92,097	-	-	-
Interest on long-term debt	161,999	-	-	-
Change in OPEB obligation	-	-	-	-
Net pension expense (revenue)	807,926	-	-	-
Total governmental activities	40,646,470	3,956,140	957,682	72,315
Business-type activities:				
Water	5,703,000	5,606,182	-	2,882,490
Wastewater	8,629,649	8,830,732	-	2,382,969
Sanitation	3,234,171	3,819,982	-	-
Other Enterprise	1,754,371	1,745,816	-	-
Net pension expense (revenue)	362,836	-	-	-
Total business-type activities	19,684,027	20,002,712	-	5,265,459
Total primary government	\$ 60,330,497	\$ 23,958,852	\$ 957,682	\$ 5,337,774
Component unit:				
Lake City Development Corporation	\$ 3,124,747	\$ 176,371	\$ -	\$ -
Total component unit	\$ 3,124,747	\$ 176,371	\$ -	\$ -

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
- 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
\$ (1,929,198)	\$ -	\$ (1,929,198)	\$ -
(19,623,088)	-	(19,623,088)	-
(8,156,229)	-	(8,156,229)	-
(4,889,796)	-	(4,889,796)	-
(92,097)	-	(92,097)	-
(161,999)	-	(161,999)	-
-	-	-	-
(807,926)	-	(807,926)	-
(35,660,333)	-	(35,660,333)	-
-	2,785,672	2,785,672	-
-	2,584,052	2,584,052	-
-	585,811	585,811	-
-	(8,555)	(8,555)	-
-	(362,836)	(362,836)	-
-	5,584,144	5,584,144	-
\$ (35,660,333)	\$ 5,584,144	(30,076,189)	-
			\$ (2,948,376)
			\$ (2,948,376)
20,954,504	-	20,954,504	6,549,584
3,320,330	-	3,320,330	-
3,225,662	-	3,225,662	-
2,242,163	-	2,242,163	-
1,164,085	-	1,164,085	-
2,713,157	-	2,713,157	-
207,976	185,830	393,806	9,683
981,995	-	981,995	43,667
1,704,314	-	1,704,314	-
9,458	-	9,458	-
(236,556)	70,399	(166,157)	-
1,993,789	(1,993,789)	-	-
38,280,877	(1,737,560)	36,543,317	6,602,934
2,620,544	3,846,584	6,467,128	3,654,558
136,419,082	168,464,576	304,883,658	4,161,410
\$ 139,039,626	\$ 172,311,160	\$ 311,350,786	\$ 7,815,968

City of Coeur d'Alene, Idaho

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2016

	General	General Obligation Bonds Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,649,060	\$ 513,961	\$ 5,189,280	\$ 18,352,301
Investments	-	-	1,618,381	1,618,381
Receivables:				
Taxes delinquent	491,909	47,310	84,731	623,950
Accounts receivable	661,145	-	23,219	684,364
Special assessments	-	-	441,191	441,191
Due from other governments	2,363,093	3,690	25,364	2,392,147
Due from other funds	463,571	-	91,057	554,628
Total assets	<u>\$ 16,628,778</u>	<u>564,961</u>	<u>\$ 7,473,223</u>	<u>\$ 24,666,962</u>
LIABILITIES				
Accounts payable	\$ 2,310,503	\$ -	\$ 306,050	\$ 2,616,553
Due to other funds	1,100,000	-	554,628	1,654,628
Deposits	192,727	-	250	192,977
Total liabilities	<u>3,603,230</u>	<u>-</u>	<u>860,928</u>	<u>4,464,158</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- property taxes	491,909	47,310	84,731	623,950
Unavailable revenue- special assessments	-	-	32,517	32,517
Total deferred inflows of resources	<u>491,909</u>	<u>47,310</u>	<u>117,248</u>	<u>656,467</u>
FUND BALANCES (DEFICITS)				
Restricted	2,921,979	517,651	2,901,039	6,340,669
Committed	247,031	-	3,095,368	3,342,399
Assigned	576,027	-	630,972	1,206,999
Unassigned	8,788,602	-	(132,332)	8,656,270
Total fund balances	<u>12,533,639</u>	<u>517,651</u>	<u>6,495,047</u>	<u>19,546,337</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 16,628,778</u>	<u>\$ 564,961</u>	<u>\$ 7,473,223</u>	<u>\$ 24,666,962</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, 2016

Total fund balances at September 30, 2016 - Governmental Funds		\$ 19,546,337
Cost of capital assets at September 30, 2016	\$ 210,771,341	
Less: Accumulated depreciation as of September 30, 2016		
Buildings	(8,087,062)	
Equipment	(14,873,998)	
Infrastructure	(51,149,897)	
Other improvements	<u>(2,998,933)</u>	133,661,451
Net pension asset		3,938,556
Deferred pension outflows-base plan		5,726,558
Deferred pension outflows-FRF plan		2,024,013
Elimination of deferred revenue		656,467
Accrued interest		(24,289)
OPEB Obligation		(1,259,313)
Net pension liability		(10,022,055)
Net deferred (inflows)/outflows of resources-base plan		(3,343,318)
Net deferred (inflows)/outflows of resources-FRF plan		(860,969)
Long-term liabilities at September 30, 2016		
Leases	(602,254)	
General obligation debt	(7,147,678)	
Bond premium net of amortization	(69,587)	
Compensated absences	<u>(3,184,293)</u>	<u>(11,003,812)</u>
Net position at September 30, 2016		<u><u>\$ 139,039,626</u></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, 2016

	General Fund	General Obligation Bonds Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 17,927,328	\$ 869,321	\$ 1,796,251	\$ 20,592,900
Licenses and permits	5,019,158	-	-	5,019,158
Intergovernmental	10,266,766	-	185,875	10,452,641
Charges for services	344,580	-	1,405,454	1,750,034
Fines and forfeits	394,287	-	18,323	412,610
Assessments collected	-	-	66,273	66,273
Investment (loss) earnings	156,449	2,266	49,261	207,976
Contributions	-	-	17,092	17,092
Miscellaneous	779,575	-	202,420	981,995
Total revenues	<u>34,888,143</u>	<u>871,587</u>	<u>3,740,949</u>	<u>39,500,679</u>
EXPENDITURES				
Current:				
General government	5,940,740	-	693,463	6,634,203
Public safety	20,370,576	-	-	20,370,576
Public works	5,177,293	-	-	5,177,293
Culture and recreation	2,580,144	-	1,519,326	4,099,470
Administrative expense	-	-	92,097	92,097
Capital outlay	4,724,476	-	1,455,844	6,180,320
Debt service:				
Principal payments	39,013	711,428	114,500	864,941
Interest and fiscal agent fees	13,783	163,637	-	177,420
Total expenditures	<u>38,846,025</u>	<u>875,065</u>	<u>3,875,230</u>	<u>43,596,320</u>
(Deficiency) excess of revenues				
(under) over expenditures	<u>(3,957,882)</u>	<u>(3,478)</u>	<u>(134,281)</u>	<u>(4,095,641)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	-	-
Bond premium	-	-	-	-
Operating transfers in	2,643,495	-	1,597,153	4,240,648
Operating transfers out	(108,875)	-	(2,137,984)	(2,246,859)
Total other financing sources (uses)	<u>2,534,620</u>	<u>-</u>	<u>(540,831)</u>	<u>1,993,789</u>
Net change in fund balances	<u>(1,423,262)</u>	<u>(3,478)</u>	<u>(675,112)</u>	<u>(2,101,852)</u>
Fund balances (deficits) - beginning of year	13,956,901	521,129	7,170,159	21,648,189
Fund balances - end of year	<u>\$ 12,533,639</u>	<u>\$ 517,651</u>	<u>\$ 6,495,047</u>	<u>\$ 19,546,337</u>

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

City of Coeur d'Alene, Idaho

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended September 30, 2016

Total net changes in fund balances for year ended September 30, 2016	\$ (2,101,852)
Add: Capital outlay which is considered expenditures	6,180,320
Less: Depreciation expense for the year ended September 30, 2016	(5,134,839)
Less: Loss on asset disposal	(236,556)
Add: Current year PERSI contributions	1,923,253
Less: PERSI pension plan expense (revenue)	(807,926)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	2,246,859
Less: Interfund transfers in	(2,246,859)
Less: Change in compensated absence accrual for the year ended September 30, 2016	(91,320)
Add: Debt principal payments considered as an expenditure	864,941
Add: Donated fixed asset additions	1,704,314
Add: Change in accrued interest	7,689
Add: Bond Premium Amortization	7,731
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	361,604
Less: Difference between revenue earned on special assessments on modified accrual basis versus revenue on special assessments on accrual basis	<u>(56,815)</u>
Change in net position for year ended September 30, 2016	<u><u>\$ 2,620,544</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, 2016**

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total Current Year
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,782,744	\$ 12,331,818	\$ 279,741	\$ 633,885	\$ 19,028,188
Receivables:					
Accounts, net of allowance for uncollectible accounts	1,156,826	1,199,204	338,784	188,024	2,882,838
Special assessments receivable	66,529	-	-	-	66,529
Due from other funds	-	1,100,000	-	-	1,100,000
Prepaid expenses	252	1,889	-	-	2,141
Total current assets	<u>7,006,351</u>	<u>14,632,911</u>	<u>618,525</u>	<u>821,909</u>	<u>23,079,696</u>
Capital assets:					
Land	437,758	1,528,020	-	122,264	2,088,042
Construction in Progress	-	2,885,980	-	-	2,885,980
Capital assets, net of accumulated depreciation	<u>63,460,430</u>	<u>102,065,279</u>	<u>-</u>	<u>12,152,106</u>	<u>177,677,815</u>
Total capital assets, net	<u>63,898,188</u>	<u>106,479,279</u>	<u>-</u>	<u>12,274,370</u>	<u>182,651,837</u>
Total non-current assets	<u>63,898,188</u>	<u>106,479,279</u>	<u>-</u>	<u>12,274,370</u>	<u>182,651,837</u>
Total assets	<u>70,904,539</u>	<u>121,112,190</u>	<u>618,525</u>	<u>13,096,279</u>	<u>205,731,533</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	<u>466,924</u>	<u>649,597</u>	<u>-</u>	<u>29,450</u>	<u>1,145,971</u>
LIABILITIES					
Current liabilities:					
Accounts payable	183,791	1,323,992	257,626	127,348	1,892,757
Claims liability	-	100,000	-	-	100,000
Due to other funds	-	-	-	-	-
Accrued interest	-	45,720	-	-	45,720
Current portion of compensated absences	13,539	8,524	-	-	22,063
Current portion of leases payable	7,895	26,758	-	-	34,653
Current portion of bonds/loan payable	-	1,598,332	-	-	1,598,332
Total current liabilities	<u>205,225</u>	<u>3,103,326</u>	<u>257,626</u>	<u>127,348</u>	<u>3,693,525</u>
Non-current liabilities:					
Compensated absences	159,699	234,715	-	20,955	415,369
Net pension liability	821,502	1,138,915	-	51,651	2,012,068
Leases payable	124,106	259,213	-	-	383,319
Bonds payable, net of unamortized discounts	-	27,370,429	-	-	27,370,429
Total non-current liabilities	<u>1,105,307</u>	<u>29,003,272</u>	<u>-</u>	<u>72,606</u>	<u>30,181,185</u>
Total liabilities	<u>1,310,532</u>	<u>32,106,598</u>	<u>257,626</u>	<u>199,954</u>	<u>33,874,710</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	<u>287,677</u>	<u>386,384</u>	<u>-</u>	<u>17,573</u>	<u>691,634</u>
NET POSITION					
Net investment in capital assets	63,766,187	77,224,547	-	12,274,370	153,265,104
Unrestricted	<u>6,007,067</u>	<u>12,044,258</u>	<u>360,899</u>	<u>633,832</u>	<u>19,046,056</u>
Total net position	<u>\$ 69,773,254</u>	<u>\$ 89,268,805</u>	<u>\$ 360,899</u>	<u>\$ 12,908,202</u>	<u>\$ 172,311,160</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, 2016

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total
OPERATING REVENUES					
Services	\$ 5,606,182	\$ 8,830,732	\$ 3,819,982	\$ 1,745,816	\$ 20,002,712
OPERATING EXPENSES					
Administration	1,988,959	789,563	-	104,003	2,882,525
Maintenance	-	-	-	281,615	281,615
Pumping	937,996	-	-	-	937,996
Treatment	36,673	2,769,289	-	-	2,805,962
Collection	-	703,428	-	-	703,428
Transportation and distribution	159,662	-	-	-	159,662
Supplies	46,636	-	-	30,173	76,809
Contracted services	-	-	3,233,217	636,024	3,869,241
Depreciation	2,527,260	3,752,553	-	701,700	6,981,513
Bad debt	2,780	2,718	954	856	7,308
Net pension expense (revenue)	144,975	208,439	-	9,422	362,836
Total operating expenses	5,844,941	8,225,990	3,234,171	1,763,793	19,068,895
Operating (loss) income	(238,759)	604,742	585,811	(17,977)	933,817
NONOPERATING REVENUES (EXPENSES)					
Capitalization fees	960,756	1,886,830	-	-	2,847,586
Amortization	-	128,493	-	-	128,493
Investment income	20,351	35,458	158	1,370	57,337
Gain on sale of assets	1,899	68,500	-	-	70,399
Interest expense	(3,034)	(612,098)	-	-	(615,132)
Total non-operating revenues (expenses)	979,972	1,507,183	158	1,370	2,488,683
Income before contributions and transfers	741,213	2,111,925	585,969	(16,607)	3,422,500
Capital contributions	1,921,734	496,139	-	-	2,417,873
Operating transfers in	-	-	-	65,000	65,000
Operating transfers out	(521,399)	(842,919)	(429,639)	(264,832)	(2,058,789)
Change in net position	2,141,548	1,765,145	156,330	(216,439)	3,846,584
Total net position - beginning	67,631,706	87,503,660	204,569	13,124,641	168,464,576
Prior period adjustment	-	-	-	-	-
Total net position - ending	\$ 69,773,254	\$ 89,268,805	\$ 360,899	\$ 12,908,202	\$ 172,311,160

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, 2016

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 5,669,100	\$ 8,742,213	\$ 3,827,561	\$ 2,172,794	\$ 20,411,668
Payments to suppliers	(1,491,116)	(999,505)	(3,121,546)	(1,342,689)	(6,954,856)
Payments to employees	(1,853,969)	(2,401,047)	-	(106,030)	(4,361,046)
Net cash provided by operating activities	2,324,015	5,341,661	706,015	724,075	9,095,766
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	-	-	-	65,000	65,000
Operating transfers out	(521,399)	(842,919)	(429,639)	(264,832)	(2,058,790)
Net cash (used) by noncapital financing activities	(521,399)	(842,919)	(429,639)	(199,832)	(1,993,789)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond payments	-	(1,066,947)	-	-	(1,066,947)
Capital lease payments	(7,717)	(26,150)	-	-	(33,867)
New debt issuance	-	-	-	-	-
Interest paid	(3,034)	(614,479)	-	-	(617,513)
Capital asset purchases	(1,262,516)	(3,644,625)	-	(296,300)	(5,203,441)
Capitalization Fees	960,756	1,886,831	-	-	2,847,587
Proceeds from the sale of assets	1,899	130,131	-	-	132,030
Net cash (used) by financing activities	(310,612)	(3,335,239)	-	(296,300)	(3,942,151)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	20,351	35,458	158	1,370	57,337
Net cash provided by investing activities	20,351	35,458	158	1,370	57,337
Net (decrease) increase in cash and cash equivalents	1,512,355	1,198,961	276,534	229,313	3,217,164
Cash and cash equivalents, beginning of year	4,270,389	11,132,857	3,207	404,572	15,811,025
Cash and cash equivalents, end of year	\$ 5,782,744	\$ 12,331,818	\$ 279,741	\$ 633,885	\$ 19,028,188

Reconciliation of operating income to net cash

provided by operating activities:

Operating (loss) income	\$ (238,759)	\$ 604,742	\$ 585,811	\$ (17,977)	\$ 933,817
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:					
Depreciation expense	2,527,261	3,752,553	-	701,700	6,981,515
(Increase) decrease in accounts receivable	24,882	(88,519)	7,578	426,978	370,918
Decrease in due from special assessment receivable	38,036	-	-	-	38,036
(Increase) decrease in due from other funds	-	-	-	-	-
(Increase) decrease in prepaid expenses	-	165	-	-	165
(Increase) decrease in deferred outflows of resources	(181,747)	(261,311)	-	(11,812)	
Increase (decrease) in accounts payable	(28,939)	1,028,163	257,626	43,649	1,300,499
(Decrease) in due to other funds	-	-	(145,000)	(430,000)	(575,000)
(Decrease) increase in compensated absences	(14,548)	21,435	-	(1,320)	5,567
(Decrease) increase in net pension liability	267,495	384,595	-	17,385	669,475
(Decrease) increase in deferred inflows of resources	(69,666)	(100,162)	-	(4,528)	(174,356)
Net cash provided by operating activities	\$ 2,324,015	\$ 5,341,661	\$ 706,015	\$ 724,075	\$ 9,095,766

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, 2016

	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	\$ 126,862	\$ 1,779	\$ 385	\$ 189,512	\$ 242,699
Investments	1,283,292	-	-	-	-
Due from other government unit	597	-	-	-	-
Accounts receivable	17,821	-	-	8,976	223,058
Total assets	<u>1,428,572</u>	<u>1,779</u>	<u>385</u>	<u>198,488</u>	<u>465,757</u>
LIABILITIES					
Deferred revenue	17,821	-	-	-	-
Deposits held and due to others	-	-	385	198,488	465,757
Due to other government unit	-	1,779	-	-	-
Total liabilities	<u>17,821</u>	<u>1,779</u>	<u>385</u>	<u>198,488</u>	<u>465,757</u>
NET POSITION					
Held in trust for pension benefits	<u>\$ 1,410,751</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, 2016

	Police Retirement Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 150,972
	<u>150,972</u>
Investment earnings:	
Interest	33,641
Net decrease in the fair value of investments	<u>(4,230)</u>
Total investment earnings	<u>29,411</u>
Total additions	<u>180,383</u>
DEDUCTIONS	
Pension expense	164,346
Trust fees	<u>5,431</u>
Total deductions	<u>169,777</u>
Change in net position	10,606
Net position, beginning of year	<u>1,400,145</u>
Net position, end of year	<u><u>\$ 1,410,751</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, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

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

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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 25 and 26.

The *pension trust fund* is used to account for the payment of benefits to police officers who were hired before April 12, 1967 and to their eligible surviving spouses. Funding for these benefits comes from interest earnings and 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, 2016

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, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting - Budgetary Basis (Concluded)

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

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

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

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

The City Council may only increase the total adopted budget during the year for unanticipated revenues, such as state and federal grants, donations to departments, and other unscheduled revenues. The adopted budget may be increased only by the amount of revenues received. Budget revisions must be advertised, discussed in a public hearing, and adopted through a resolution by the City Council. The budget for the fiscal year ending September 30, 2016, 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, 2016

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, 2016.

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, 2016**

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, 2016

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, 2016, the total compensated absences payable by the City was \$3,621,725.

Compensated absences are reported as follows in the financial statements:

Governmental activities	\$ 3,184,293
Business-type activities	<u>437,432</u>
	<u>\$ 3,621,725</u>

Deferred Outflows/Inflows of Resources

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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, 2016

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 - .0074, library fund - .0718, general obligation bonds .0427, insurance fund - .0166 and general fund -.8615.

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, 2016

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, 2016 included the cemetery special revenue fund for (\$16,530), debt service funds LID #149 for (\$27,900), and capital projects funds Government Way – Hanley to Prairie for (\$7,846), Ironwood Drive for (\$63,667), 15th Street – Harrison to Best for (\$6,670) and Seltice Way Design for (\$9,719).

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 \$40,843,400 and the bank balance is \$41,935,015. As of September 30, 2016, 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, 2016

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Deposits and investments without exposure to custodial credit risk:

Deposits:

Amounts insured by FDIC	\$ 3,939,585
Amounts Collateralized	24,096,317
	<u>28,035,902</u>

Investments

Amount registered in the name of the City	2,901,674
Total deposits and investments without exposure to custodial credit risk	<u>\$ 30,937,576</u>

Deposits and investments with exposure to custodial credit risk:

Deposits:

Amounts uninsured	\$ 10,810,388
-------------------	---------------

Investments

Amount registered in the name of the City	187,051
Total deposits and investments without exposure to custodial credit risk	<u>\$ 10,997,439</u>
Total Deposits and Investments	<u><u>\$ 41,935,015</u></u>

Cash and cash equivalents at September 30, 2016 consist of the following:

Deposits (checks in excess of deposits)	\$ 9,702,718
Cash on hand	2,125
Short-term certificates of deposit	1,456,614
Repurchase agreements	2,683,947
Idaho State Investment Pool	24,096,317
Total	<u><u>\$ 37,941,721</u></u>

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

Governmental activities	\$ 18,352,301
Business-type activities	19,028,188
Police retirement pension trust fund	126,862
Sales tax agency fund	1,779
Business improvement district agency fund	189,512
Homeless trust agency fund	385
Kootenai county solid waste agency fund	242,699
Total	<u><u>\$ 37,941,726</u></u>

Investments are presented in the Financial Statements as follows:

Governmental activities	\$ 1,618,382
Police retirement pension trust fund	1,283,292
Total	<u><u>\$ 2,901,674</u></u>

Total Cash and Investments	<u><u>\$ 40,843,400</u></u>
----------------------------	-----------------------------

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, 2016**

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, 2016, 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	4%	\$ 102,088	\$ -	\$ -	\$ 102,088	\$ -
US Treasury Note	4%	102,414	102,414	-	-	-
FNMA	2%	51,117	-	-	51,117	-
Federal Home Loan Bks	2%	51,761	-	-	-	51,761
FNAMMTN	4%	101,640	101,640	-	-	-
FNAMMTN	4%	121,968	121,968	-	-	-
Federal Home Loan Bks	2%	51,382	-	-	-	51,382
Federal Home Loan Bks	2%	52,444	-	-	-	52,444
US Treasury Note	2%	51,881	-	51,881	-	-
Federal Farm Credit Bks	4%	102,949	-	102,949	-	-
Federal Home Loan Bks	2%	51,286	-	-	51,286	-
US Treasury Note	3%	100,146	100,146	-	-	-
FHLMCDEB	2%	50,039	-	50,039	-	-
Federal Home Loan Bks	2%	53,510	-	-	-	53,510
US Treasury Note	2%	50,817	-	-	50,817	-
Federal Home Loan Bks	4%	102,663	102,663	-	-	-
Federal Home Loan Bks	2%	51,388	51,388	-	-	-
US Treasury Note	2%	52,021	-	-	52,021	-
Federal Farm Credit Bks	2%	50,868	-	-	50,868	-
Federal Home Loan Bks	4%	103,100	-	-	-	103,100
Federal Home Loan Bks	4%	105,257	-	-	-	105,257
US Treasury Note	2%	50,524	-	-	50,524	-
Federal Home Loan Bks	2%	51,286	-	-	51,286	-
Federal Farm Credit Bks	2%	50,758	-	-	50,758	-
Federal Home Loan Bks	4%	104,690	-	-	104,690	-
FHLMCMTN	4%	106,814	-	106,814	-	-
Federal Home Loan Bks	4%	102,765	-	-	-	102,765
US Treasury Note	4%	101,562	101,562	-	-	-
US Treasury Note	4%	104,430	-	-	104,430	-
US Treasury Note	4%	103,941	-	-	-	103,941
US Treasury Inflation Protection Security	2%	54,262	-	-	-	54,262
Bank of New York Mellon Corp	4%	102,771	-	-	102,771	-
US Treasury Note	2%	50,153	-	-	50,153	-
US Treasury Note	3%	101,008	-	-	101,008	-
US Treasury Note	4%	104,043	-	-	104,043	-
Wells Fargo Company	3%	100,728	-	-	100,728	-
Chevron Corporation	2%	51,200	-	-	-	51,200
		<u>\$ 2,901,674</u>	<u>\$ 681,781</u>	<u>\$ 311,683</u>	<u>\$ 1,178,588</u>	<u>\$ 729,622</u>

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

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	1,027,202	304,122	51,881	512,996	158,203
U.S. Agencies	1,619,773	377,659	259,802	462,093	520,219
U.S. Corporations	254,699			203,499	51,200
	<u>\$ 2,901,674</u>	<u>\$ 681,781</u>	<u>\$ 311,683</u>	<u>\$ 1,178,588</u>	<u>\$ 729,622</u>

Investments are presented in the Financial Statements as follows:

Governmental activities	\$ 1,618,382
Police retirement pension trust fund	<u>1,283,292</u>
Total	<u>\$ 2,901,674</u>

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

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

Fair value:

The securities registered in the City's name were purchased at a cost of \$2,832,181. The net gain of \$69,493 (the difference between cost and fair value) has been recognized in the financial statements as a net gain on investments. There was a current year loss of \$26,700, on these investments.

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

The balances that the City has in the State Investment Pool are carried at its fair market value of \$24,096,317. The City's portion of the State Investment Pool had an unrealized gain of \$107,948 as of September 30, 2016, 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, 2016

NOTE 3: ACCOUNTS RECEIVABLE

Governmental activities:

Accounts receivable consist of the following as of September 30, 2016:

Franchise and utility receivables	\$ 661,145
Miscellaneous receivables	23,219
	<u>\$ 684,364</u>

Business-type activities:

Accounts receivable consist of the following as of September 30, 2016:

Amounts due from customers	\$ 2,891,128
Less allowance for uncollectible accounts	(8,290)
	<u>\$ 2,882,838</u>

NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2016 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>\$ 441,191</u>
--	-------------------

Business-type activities:

Deferred principal amounts not currently due, but due at a future date	<u>\$ 66,529</u>
--	------------------

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, 2016**

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2016 is as follows:

Plant and equipment and accumulated depreciation are as follows:

	September 30, 2015	Additions	Deletions	September 30, 2016
Governmental activities:				
Land	\$ 17,692,630	\$ 96,334	\$ 94,200	\$ 17,694,764
Construction in progress	355,664	5,618,587	-	5,974,251
Total capital assets, not being depreciated	<u>18,048,294</u>	<u>5,714,921</u>	<u>94,200</u>	<u>23,669,015</u>
Buildings	19,231,316	-	469,482	18,761,834
Other Improvements	15,123,446	36,150	-	15,159,596
Equipment	20,919,400	2,133,563	511,892	22,541,071
Infrastructure	130,639,825	-	-	130,639,825
	<u>185,913,987</u>	<u>2,169,713</u>	<u>981,374</u>	<u>187,102,326</u>
Less: accumulated depreciation				
Buildings	7,906,977	543,934	363,849	8,087,062
Other Improvements	2,501,747	497,186	-	2,998,933
Equipment	14,270,078	1,079,089	475,169	14,873,998
Infrastructure	48,135,267	3,014,630	-	51,149,897
	<u>72,814,069</u>	<u>5,134,839</u>	<u>839,018</u>	<u>77,109,890</u>
Total capital assets being depreciated, net	<u>113,099,918</u>	<u>(2,965,126)</u>	<u>142,356</u>	<u>109,992,436</u>
Governmental activities capital assets, net	<u><u>\$ 131,148,212</u></u>	<u><u>\$2,749,795</u></u>	<u><u>\$236,556</u></u>	<u><u>\$ 133,661,451</u></u>

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

General government	\$ 125,264
Public Works	3,317,350
Culture and Recreation	987,182
Public Safety	705,043
	<u><u>\$ 5,134,839</u></u>

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE 5: CAPITAL ASSETS (CONCLUDED)

	September 30, 2015	Additions	Deletions	Transfers	September 30, 2016
Business-type activities:					
Land	\$ 2,031,210	\$ 56,832	\$ -	\$ -	\$ 2,088,042
Construction in progress	72,804	2,874,808	61,632	-	2,885,980
Total capital assets, not being depreciated	<u>2,104,014</u>	<u>2,931,640</u>	<u>61,632</u>	<u>-</u>	<u>4,974,022</u>
Reservoir	6,122,002	93,025	-	-	6,215,027
Wells and booster stations	9,875,538	-	-	-	9,875,538
Distribution system	83,463,560	2,811,349	-	-	86,274,909
Collection	43,164,687	496,138	-	-	43,660,825
Plant	115,512,638	318,246	-	-	115,830,884
Street lights	790,986	-	-	-	790,986
Equipment	10,409,579	674,616	334,468	-	10,749,727
Improvements	<u>16,570,086</u>	<u>296,300</u>	<u>-</u>	<u>-</u>	<u>16,866,386</u>
	<u>285,909,076</u>	<u>4,689,674</u>	<u>334,468</u>	<u>-</u>	<u>290,264,282</u>
Less: accumulated depreciation					
Reservoir	3,620,465	270,347	-	-	3,890,812
Wells and booster stations	4,099,586	175,792	-	-	4,275,378
Distribution system	32,960,374	1,789,443	-	-	34,749,817
Collection	11,086,339	757,304	-	-	11,843,643
Plant	43,862,502	2,709,364	-	-	46,571,866
Street lights	600,523	26,205	-	-	626,728
Equipment	5,301,859	610,853	334,468	-	5,578,244
Improvements	<u>4,407,769</u>	<u>642,210</u>	<u>-</u>	<u>-</u>	<u>5,049,979</u>
	<u>105,939,417</u>	<u>6,981,518</u>	<u>334,468</u>	<u>-</u>	<u>112,586,467</u>
Total capital assets being depreciated, net	<u>179,969,659</u>	<u>(2,291,844)</u>	<u>-</u>	<u>-</u>	<u>177,677,815</u>
Business-type activities capital activities, net	<u>\$ 182,073,673</u>	<u>\$ 639,796</u>	<u>\$ 61,632</u>	<u>\$ -</u>	<u>\$ 182,651,837</u>

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

Business-type activities:	
Water	\$ 2,527,263
Wastewater	3,752,554
Street Lighting	26,205
Drainage	232,038
Public Parking	443,458
	<u>\$ 6,981,518</u>

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE 6: CHANGES IN LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Balance 10/1/2015	Additions	Deletions	Adjustments	Balance 9/30/2016	Due Within One Year
Governmental activities:						
General obligation bonds payable	\$ 7,859,106		\$ 711,428		\$ 7,147,678	\$ 729,679
Deferred amounts:						
For issuance premium	77,318	-	7,731		69,587	-
Total bonds payable	7,936,424	-	719,159	-	7,217,265	729,679
Capital leases	755,767		153,513		602,254	39,921
Compensated absences	3,092,973	91,320			3,184,293	150,433
Governmental activities Long-term liabilities	<u>\$ 11,785,164</u>	<u>\$ 91,320</u>	<u>\$ 872,672</u>	<u>\$ -</u>	<u>\$ 11,003,812</u>	<u>\$ 920,033</u>
Business-type activities:						
Revenue bonds payable	\$ 28,622,279		\$ 1,562,558		\$ 27,059,721	\$ 1,598,332
Deferred amounts:						
For issuance premium	1,541,923		128,494		1,413,429	
Total bonds payable	30,164,202	-	1,691,052	-	28,473,150	1,598,332
Capital Leases	451,838		33,866		417,972	34,653
State loan payable	-	495,611			495,611	-
Compensated absences	431,866	5,566			437,432	22,063
Business-type activities: Long-term liabilities	<u>\$ 31,047,906</u>	<u>\$ 501,177</u>	<u>\$ 1,724,918</u>	<u>\$ -</u>	<u>\$ 29,824,165</u>	<u>\$ 1,655,048</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, 2016, 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, 2016**

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2012D Sewer Revenue Refunding Bonds	2017	4.00%	640,021	364,400	1,004,421
	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>\$8,545,021</u>	<u>\$2,512,300</u>	<u>\$11,057,321</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, 2016**

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End	Rate	Principal	Interest	Total
	30-Sep				
2013 Sewer Revenue Bonds	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>\$10,200,434</u>	<u>\$439,442</u>	<u>\$10,639,876</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, 2016**

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2015 Sewer Revenue Bonds	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>\$8,314,266</u>	<u>\$1,721,947</u>	<u>\$10,036,213</u>
Total revenue refunding bonds payable			<u>\$27,059,721</u>	<u>\$4,673,689</u>	<u>\$31,733,410</u>

General Obligation Bonds payable for the governmental activities at September 30, 2016, consist of the following issue:

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2015A Public Safety Bonds:	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>\$5,552,678</u>	<u>\$584,540</u>	<u>\$6,137,218</u>

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End	Rate	Principal	Interest	Total
	30-Sep				
2015B Public Safety Bonds:	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>\$1,595,000</u>	<u>\$167,914</u>	<u>\$1,762,914</u>
Total General Obligation Bonds			<u>\$7,147,678</u>	<u>\$752,454</u>	<u>\$7,900,132</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.

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.

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 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, 2016

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Capital leases payable from governmental activities at September 30, 2016 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	2017	2.3%	16,235	4,418	20,653
Lease for 2014 Grader	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>206,248</u>	<u>13,015</u>	<u>219,263</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	2017	2.3%	23,686	8,565	32,251
Lease for three 2014 Wheel Loaders	2018	2.3%	24,236	8,016	32,252
	2019	2.3%	348,084	1,333	349,417
			<u>396,006</u>	<u>17,914</u>	<u>413,920</u>

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

<u>Year ending September 30</u>	<u>Governmental Activities</u>
2017	\$ 52,904
2018	52,908
2019	370,073
2020	<u>157,298</u>
Total minimum lease payments	633,183
Less: amount representing interest	<u>30,929</u>
Present value of minimum lease payments	<u>\$ 602,254</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Capital leases payable from business-type activities at September 30, 2016 consist of the following issues:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
Wastewater Fund - John Deere Financial	2017	2.3%	7,895	2,900	10,795
Lease for a 2014 Wheel Loader	2018	2.3%	8,078	2,718	10,796
	2019	2.3%	<u>116,028</u>	<u>1,109</u>	<u>117,137</u>
			<u>132,001</u>	<u>6,727</u>	<u>138,728</u>
Wastewater Fund - John Deere Financial	2017	2.3%	18,863	3,261	22,124
Lease for a 2014 Wheel Loader and	2018	2.3%	19,301	2,825	22,126
Snow Blower	2019	2.3%	<u>115,806</u>	<u>1,109</u>	<u>116,915</u>
			<u>153,970</u>	<u>7,195</u>	<u>161,165</u>
Water Fund - John Deere Financial	2017	2.3%	7,895	2,855	10,750
Lease for a 2014 Wheel Loader	2018	2.3%	8,078	2,672	10,750
	2019	2.3%	<u>116,028</u>	<u>444</u>	<u>116,472</u>
			<u>132,001</u>	<u>5,971</u>	<u>137,972</u>

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

Year ending September 30	Business-type Activities
2017	43,669
2018	43,672
2019	<u>350,524</u>
Total minimum lease payments	437,865
Less: amount representing interest	<u>19,893</u>
Present value of minimum lease payments	<u>\$ 417,972</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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	Capital Leases	Compensated Absences	Total (Memo Only)
Unknown	\$ -	\$ -	\$ 3,033,860	\$ 3,033,860
2017	729,679	39,921	150,433	920,033
2018	748,112	40,850	-	788,962
2019	760,698	365,083	-	1,125,781
2020	778,293	156,400	-	934,693
2021	791,598	-	-	791,598
Thereafter	3,339,298	-	-	3,339,298
	7,147,678	602,254	3,184,293	10,934,225
Plus issuance premium- net	69,587	-	-	69,587
	<u>\$ 7,217,265</u>	<u>\$ 602,254</u>	<u>\$ 3,184,293</u>	<u>\$ 11,003,812</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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,369	\$ 415,369
2017	363,724	640,021	594,587	-	34,653	22,063	1,655,048
2018	371,035	665,000	597,564	-	35,457	-	1,669,056
2019	378,493	680,000	600,556	-	347,862	-	2,006,911
2020	385,717	705,000	603,447	-	-	-	1,694,164
2021	393,854	735,000	606,583	-	-	-	1,735,437
Thereafter	6,421,443	5,120,000	7,197,697	495,611	-	-	19,234,751
	8,314,266	8,545,021	10,200,434	495,611	417,972	437,432	28,410,736
Plus issuance premium- net	1,413,429	-	-	-	-	-	1,413,429
	<u>\$ 9,727,695</u>	<u>\$ 8,545,021</u>	<u>\$ 10,200,434</u>	<u>\$ 495,611</u>	<u>\$ 417,972</u>	<u>\$ 437,432</u>	<u>\$ 29,824,165</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, 2016**

NOTE 8: INTEFUND TRANSACTIONS

Due to/from other funds as of September 30, 2016:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Debt service fund-LID 149	\$ 29,334
General fund	Debt service fund- LID 151	407,237
General fund	Cemetery fund	27,000
Wastewater fund	General fund	1,100,000
Capital projects fund-Govt Way	Capital projects fund-Levee Cert.	11,001
Capital projects fund-Ironwood Dr.	Capital projects fund-Levee Cert.	63,667
Capital projects fund-15th St.	Capital projects fund-Levee Cert.	6,670
Capital projects fund-Seltice Way	Capital projects fund-Levee Cert.	9,719
		<u>\$ 1,654,628</u>

Interfund transfers as of September 30, 2016:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,643,495	\$ 108,875
Non major governmental funds	1,597,153	2,137,984
Water fund		521,399
Wastewater fund		842,919
Sanitation fund		429,639
Non major enterprise funds	65,000	264,832
	<u>\$ 4,305,648</u>	<u>\$ 4,305,648</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, 2016

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, 2016, 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, 2016

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	\$ 14,632,911
Capital assets	<u>106,479,279</u>
Total assets	<u>121,112,190</u>
Deferred outflows of resources:	
	<u>649,597</u>
Liabilities:	
Current liabilities	3,103,326
Noncurrent liabilities	<u>29,003,272</u>
Total liabilities	<u>32,106,598</u>
Deferred inflows of resources:	
	<u>386,384</u>
Net position:	
Net investment in capital assets	77,224,547
Unrestricted	<u>12,044,258</u>
Total net position	<u>\$ 89,268,805</u>

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

	Wastewater Funds
Charges for services	\$ 8,830,732
Depreciation expense	(3,752,553)
Other operating expenses	(4,264,998)
Net pension expense (revenue)	<u>(208,439)</u>
Operating income	<u>604,742</u>
Non-operating revenues (expenses):	
Capitalization fees	1,886,830
Investment earnings	35,458
Interest expense	(612,098)
Amortization	128,493
Gain on sale of assets	68,500
Capital contributions	496,139
Operating transfer out	<u>(842,919)</u>
Change in net position	1,765,145
Beginning net position	87,503,660
Prior Period Adjustment	-
Ending net position	<u>\$ 89,268,805</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONCLUDED)

CONDENSED STATEMENT OF CASH FLOWS

	Wastewater Funds
Net cash provided (used) by:	
Operating activities	\$ 5,341,661
Noncapital financing activities	(842,919)
Capital and related financing activities	(3,335,239)
Investing activities	35,458
Net increase (decrease)	1,198,961
Beginning cash and cash equivalents	11,132,857
Ending cash and cash equivalents	<u>\$ 12,331,818</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, 2016**

NOTE 12: FUND BALANCE CLASSIFICATIONS (CONTINUED)

<u>General Fund</u>	
Restricted	
KCJA drug task force	\$ 34,893
Bellerive subdivision agreement	23,046
G.O. Bond proceeds	2,864,040
	<u>\$ 2,921,979</u>
Committed	
Sick leave option 2	<u>\$ 247,031</u>
Assigned	
Recreation department - Avista waterfront improvements	\$ 7,198
Recreation department - equipment reserve	10,913
Sunset Field Lights - donation	22,000
City Hall Remodel	535,916
	<u>\$ 576,027</u>
<u>General Obligation Bonds</u>	
Restricted	
Debt service	<u>\$ 517,651</u>
<u>Other Governmental Funds</u>	
Restricted	
Special revenue funds - Impact fees	\$ 2,826,587
Special revenue funds - Jewett House	19,548
Debt service funds - LID 129 and 132	3
Debt service funds - LID guarantee fund	54,901
	<u>\$ 2,901,039</u>
Committed	
Special revenue funds - Library	\$ 127,167
Special revenue funds - Parks capital improvements	327,230
Special revenue funds - Cemetery perpetual care	1,691,564
Special revenue funds - Reforestation	219,809
Special revenue funds - Public art	729,598
	<u>\$ 3,095,368</u>
Assigned	
Special revenue funds - Insurance fund	\$ 72,673
Special revenue funds - Annexation fees	247,437
Special revenue funds - Art commission	2,189
Capital projects funds - Miscellaneous projects	15,388
Capital projects funds - 15th Street at Cherry Hill	68,370
Capital projects funds - Margaret Avenue	52,030
Capital projects funds - Kathleen Avenue Rewidening	50,000
Capital projects funds - Seltice Way Sidewalks	72,000
Capital projects funds - Levee Certification	50,885
	<u>\$ 630,972</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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.

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation 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, and 72% for police and firefighters. As of September 30, 2016 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The City's contributions were \$1,983,680 for the year ended September 30, 2016.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

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

At September 30, 2016, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2016, the City's proportion was .5936463 percent.

For the year ended September 30, 2016, the City recognized pension expense of \$2,230,986. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,199,110
Changes in assumptions or other inputs	267,510	-
Net difference between projected and actual earnings on pension plan investments	5,857,252	2,736,781
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	251,430	99,061
District's contributions subsequent to the measurement date	496,337	-
Total	<u>\$ 6,872,529</u>	<u>\$ 4,034,952</u>

\$496,337 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, 2017.

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, 2015 the beginning of the measurement period ended June 30, 2016 is 4.9 and 5.5 for the measurement period June 30, 2015.

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

Year ended June 30:	
2017	58,943
2018	58,943
2019	1,442,874
2020	781,369
2021	-

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

Actuarial Assumptions

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

The total pension liability in the June 30, 2016 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 for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

Actuarial Assumptions (continued)

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, 2016.

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%

Total Fund	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

*Expected arithmetic return net of fees and expenses

	Term Expected Real Rate of Return
<u>Actuarial Assumptions</u>	
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	<u><u>7.10%</u></u>

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, 2016

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%)
District's proportionate share of the net pension liability (asset)			
Total Plan	\$ 23,606,677	\$ 12,034,122	\$ 2,410,265

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN (continued)

Pension Benefits

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

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

Member and Employer Contributions

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

As of June 30, 2016, the total employer rate was 25.31% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters rate of 11.66%. The FRF member rate for the year for class B is 11.45% which is 3.09% above the class 2 rate of 8.36%. The City's contributions were \$846,516 for the year ended September 30, 2016.

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

At September 30, 2016, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, 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, 2016, the City's proportion was 7.3277629 percent.

For the year ended September 30, 2016, the City recognized pension expense (revenue) of (\$1,060,225). At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 1,819,807	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	860,969
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	204,206	-
Total	<u>\$ 2,024,013</u>	<u>\$ 860,969</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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)

\$204,206 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, 2017.

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, 2015 the beginning of the measurement period ended June 30, 2016 is 1 year and 1 year for the measurement period June 30, 2015.

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

Year ended June 30:	
2017	80,680
2018	80,680
2019	511,164
2020	286,314

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 59-1394, Idaho Code, is 50 years.

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

Inflation	3.25%
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%

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN (continued)

Actuarial Assumptions (continued)

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

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

An experience study was performed for the period July 1, 2011 through June 30, 2015 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Asset as of June 30, 2016 is based on the results of an actuarial valuation date of July 1, 2016.

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, 2016.

Asset Class	Expected Return *	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
Expected				
Total Fund	Expected Return *	Expected Inflation	Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN (continued)

Actuarial Assumptions (continued)

Actuarial Assumptions	Term Expected Real Rate of Return
Assumed Inflation - Mean	3.25%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
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%)
District's proportionate share of the net pension liability (asset)			
Total Plan	<u>\$ (1,617,882)</u>	<u>\$ (3,938,556)</u>	<u>\$ (5,900,513)</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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, 2016

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, 2016, 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 city did not obtain a new actuary valuation for the year ended September 30, 2016. No significant adjustments to the data from September 30, 2015 are considered necessary.

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 \$126,862 and U.S. Government issues of \$1,283,292. 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, 2016**

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, 2016

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, 2016

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, 2016

NOTE 15: 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 \$11,826,420 and the bank balance is \$11,827,072. As of September 30, 2016, the Agency's bank balance was not exposed to custodial credit risk. Details are as follows:

Amount insured by FDIC	\$11,827,072
------------------------	--------------

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.

Capital Assets

Activity for ignite cda's capital assets for the fiscal year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,599,863	\$ -	\$ -	\$ 3,599,863
Total Capital assets not being depreciated	<u>3,599,863</u>	<u>-</u>	<u>-</u>	<u>3,599,863</u>
Capital assets being depreciated:				
Buildings and sites	2,099,865	-	-	2,099,865
Total capital assets being depreciated	<u>2,099,865</u>	<u>-</u>	<u>-</u>	<u>2,099,865</u>
Less accumulated depreciation for:				
Buildings and sites	580,088	52,909	-	632,997
Total accumulated depreciation	<u>580,088</u>	<u>52,909</u>	<u>-</u>	<u>632,997</u>
Total capital assets being depreciated, net	<u>1,519,777</u>	<u>(52,909)</u>	<u>-</u>	<u>1,466,868</u>
Governmental activities capital assets, net	<u>\$ 5,119,640</u>	<u>\$ (52,909)</u>	<u>\$ -</u>	<u>\$ 5,066,731</u>

During the fiscal year, \$52,909 in depreciation expense was charged to the property rental function.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 15: COMPONENT UNIT DISCLOSURES (CONTINUED)

Agency Notes Payable

Library Site:

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

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

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

On April 1, 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:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2017	2.65%	53,627	9,496	63,123
2018	2.65%	323,895	3,528	327,423
		<u>377,522</u>	<u>13,024</u>	<u>390,546</u>

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 debt was retired in the current year.

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, 2016. The debt was retired in the current fiscal year.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE 15: COMPONENT UNIT DISCLOSURES (CONTINUED)

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

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

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2017	4.64%	11,539	13,001	24,540
2018	4.64%	250,406	12,706	263,112
		<u>261,945</u>	<u>25,707</u>	<u>287,652</u>

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:

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

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2017	1.25%	1,708,690	105,714	1,814,404
2018	1.25%	1,730,414	83,990	1,814,404
2019	1.25%	1,752,414	61,990	1,814,404
2020	1.25%	1,774,601	39,803	1,814,404
2021	1.25%	1,797,256	17,148	1,814,404
		<u>\$ 8,763,375</u>	<u>\$ 308,645</u>	<u>\$ 9,072,020</u>

The following is a summary of debt activity for the year ended September 30, 2016:

	Beginning Balance	Principal Additions	Principal Payments	Ending Balance	Due in One Year
Library Site	\$ 429,737	\$ -	\$ 52,205	\$ 377,532	\$ 53,627
301 E. Lakeside Ave.	413,408	-	413,408	-	-
712 E. Young Ave.	219,056	-	219,056	-	-
839 N. 3rd St. & 845 N. 4th St.	292,611	-	30,666	261,945	11,539
Bond Payable- Washington Trust	10,380,025	-	1,616,650	8,763,375	1,708,690
	<u>\$ 11,734,837</u>	<u>\$ -</u>	<u>\$ 2,331,985</u>	<u>\$ 9,402,852</u>	<u>\$ 1,773,856</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, 2016

	Budget Amounts			
	Original	Final	Actual Amounts	Variance With Final Budget
REVENUES				
Taxes	\$ 17,658,461	\$ 17,658,461	\$ 17,927,328	\$ 268,867
Licenses and permits	5,041,396	4,893,797	5,019,158	125,361
Intergovernmental	8,986,060	9,408,739	10,266,766	858,027
Charges for services	244,250	280,250	344,580	64,330
Fines and forfeits	5,400,750	488,900	394,287	(94,613)
Assessments collected	-	-	-	-
Investment (loss) earnings	1,000	32,000	156,449	124,449
Contributions	-	-	-	-
Miscellaneous	77,440	166,000	779,575	613,575
Total revenues	37,409,357	32,928,147	34,888,143	1,959,996
EXPENDITURES				
Current:				
General government	5,460,932	5,482,932	5,940,740	(457,808)
Public safety	20,557,405	21,248,284	20,370,576	877,708
Public works	5,013,458	5,255,818	5,177,293	78,525
Culture and recreation	2,647,046	2,647,046	2,580,144	66,902
Capital outlay	6,490,407	7,580,633	4,724,476	2,856,157
Debt service:				
Principal payments	-	-	39,013	(39,013)
Interest and fiscal agent fees	-	-	13,783	(13,783)
Total expenditures	40,169,248	42,214,713	38,846,025	3,368,688
(Deficiency) excess of revenues				
(under) over expenditures	(2,759,891)	(9,286,566)	(3,957,882)	5,328,684
OTHER FINANCING SOURCES (USES)				
Debt Issuance	-	-	-	-
Operating transfers in	2,623,036	2,725,036	2,643,495	(81,541)
Operating transfers out	(48,500)	(48,500)	(108,875)	(60,375)
Total other financing sources (uses)	2,574,536	2,676,536	2,534,620	(141,916)
Net change in fund balances	(185,355)	(6,610,030)	(1,423,262)	5,186,768
Fund balances - beginning of year	185,355	6,610,030	13,956,901	7,346,871
Fund balances - end of year	\$ -	\$ -	\$ 12,533,639	\$ 12,533,639

City of Coeur d'Alene

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION September 30, 2016

NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

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

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

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

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

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

The City properly prepared and published its budget for the year, as required by US generally accepted accounting principles and Idaho Code 33-2713A. The budget is adopted on a modified accrual basis, consistent with the fund financial statements and was amended during the year ended September 30, 2016.

City of Coeur d'Alene, Idaho

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE RETIREMENT TRUST FUND
September 30, 2016**

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, 2016

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>
------------------------------	-----------------------

Plan fiduciary net position as a % of total pension liability	83.67%
--	--------

Covered payroll	\$ -
------------------------	------

Net pension liability as a % of covered employee payroll	N/A
---	-----

City of Coeur d'Alene

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

	<u>9/30/2016</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)
The City did not obtain an actuary valuation for the year ended September 30, 2016
No significant changes were considered necessary to the September 30, 2015 valuation.

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

	<u>9/30/2016</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)
The City did not obtain an actuary valuation for the year ended September 30, 2016
No significant changes were considered necessary to the September 30, 2015 valuation.

City of Coeur d'Alene, Idaho

**SCHEDULE OF FUNDING PROGRESS FOR
POST-EMPLOYMENT BENEFIT PLANS
September 30, 2016**

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>9/30/2016</u>	<u>9/30/2015</u>
City of Coeur d'Alene's portion of the net pension liability	0.5936463%	0.6012650%
City of Coeur d'Alene's proportionate share of the net pension liability	\$ 12,034,122	\$ 7,917,682
City of Coeur d'Alene's covered-employee payroll	\$ 17,333,429	\$ 16,816,284
City of Coeur d'Alene's proportional share of the net pension liability as a percentage of its covered-employee payroll	69.43%	47.08%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	91.38%

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

Data reported is measured as of June 30, 2016 (measurement date)

SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS

PERSI - Base Plan

Last 10 - Fiscal Years *

	<u>9/30/2016</u>	<u>9/30/2015</u>
Statutorily required contribution	\$ 1,764,687	\$ 1,966,750
Contributions in relation to the statutorily required contribution	\$ (1,992,337)	\$ (1,931,507)
Contribution (deficiency) excess	\$ (227,650)	\$ 35,242
City's covered-employee payroll	\$ 17,333,429	\$ 16,816,284
Contributions as a percentage of covered-employee payroll	11.49%	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 June 30, 2016 (measurement date)

City of Coeur d'Alene

SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY

PERSI - FRF Plan

Last 10 - Fiscal Years *

	<u>9/30/2016</u>	<u>9/30/2015</u>
City of Coeur d'Alene's portion of the net pension asset	7.3277629%	7.3707911%
City of Coeur d'Alene's proportionate share of the net pension asset	\$ 3,938,556	\$ 3,981,015
City of Coeur d'Alene's covered-employee payroll	\$ 5,081,127	\$ 4,759,755
City of Coeur d'Alene's proportional share of the net pension asset as a percentage of its covered-employee payroll	77.51%	83.64%
Plan fiduciary net position as a percentage of the total pension asset	118.42%	118.08%

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

Data reported is measured as of June 30, 2016 (measurement date)

SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS

PERSI - FRF Plan

Last 10 - Fiscal Years *

	<u>9/30/2016</u>	<u>9/30/2015</u>
Statutorily required contribution	\$ -	\$ -
Contributions in relation to the statutorily required contribution	\$ (527,496)	\$ 833,303
Contribution (deficiency) excess	\$ (527,496)	\$ 833,303
City's covered-employee payroll	\$ 5,081,127	\$ 4,759,755
Contributions as a percentage of covered-employee payroll	10.38%	-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 June 30, 2016 (measurement date)

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

City of Coeur d'Alene, Idaho

COMBINING BALANCE SHEET - BY FUND TYPE NONMAJOR GOVERNMENTAL FUNDS September 30, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,682,559	\$ 55,151	\$ 451,570	\$ 5,189,280
Investments	1,618,381	-	-	1,618,381
Receivables:				
Taxes delinquent	84,731	-	-	84,731
Accounts	23,219	-	-	23,219
Assessments:				
Delinquent	-	1,854	-	1,854
Deferred	-	439,337	-	439,337
Due from other governments	7,437	-	17,927	25,364
Due from other funds	-	-	91,057	91,057
Total assets	<u>\$ 6,416,327</u>	<u>\$ 496,342</u>	<u>\$ 560,554</u>	<u>\$ 7,473,223</u>
LIABILITIES				
Accounts payable	\$ 57,324	\$ -	\$ 248,726	\$ 306,050
Due to other funds	27,000	436,571	91,057	554,628
Deposits	-	250	-	250
Total liabilities	<u>84,324</u>	<u>436,821</u>	<u>339,783</u>	<u>860,928</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- property taxes	84,731	-	-	84,731
Unavailable revenue- special assessments	-	32,517	-	32,517
Total deferred inflows of resources	<u>84,731</u>	<u>32,517</u>	<u>-</u>	<u>117,248</u>
FUND BALANCES (DEFICITS)				
Restricted	2,846,135	54,904	-	2,901,039
Committed	3,095,368	-	-	3,095,368
Assigned	322,299	-	308,673	630,972
Unassigned	(16,530)	(27,900)	(87,902)	(132,332)
Total fund balances (deficits)	<u>6,247,272</u>	<u>27,004</u>	<u>220,771</u>	<u>6,495,047</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 6,416,327</u>	<u>\$ 496,342</u>	<u>\$ 560,554</u>	<u>\$ 7,473,223</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, 2016

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,796,251	\$ -	\$ -	\$ 1,796,251
Intergovernmental	734	-	185,141	185,875
Charges for services	1,405,454	-	-	1,405,454
Fines and forfeits	18,323	-	-	18,323
Assessments collected	-	66,273	-	66,273
Investment (loss) earnings	(11,500)	-	-	(11,500)
Interest	59,930	-	831	60,761
Contributions	-	-	17,092	17,092
Miscellaneous	201,952	-	-	201,952
Penalty and interest	-	468	-	468
Total revenues	<u>3,471,144</u>	<u>66,741</u>	<u>203,064</u>	<u>3,740,949</u>
EXPENDITURES				
Current:				
General government	693,463	-	-	693,463
Culture and recreation	1,519,326	-	-	1,519,326
Administrative expenses	-	-	92,097	92,097
Capital outlay	389,197	-	1,066,647	1,455,844
Debt service:				
Principal payments	114,500	-	-	114,500
Interest, fees and other	-	-	-	-
Total expenditures	<u>2,716,486</u>	<u>-</u>	<u>1,158,744</u>	<u>3,875,230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>754,658</u>	<u>66,741</u>	<u>(955,680)</u>	<u>(134,281)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	579,538	7,817	1,009,798	1,597,153
Operating transfers out	(2,122,759)	(7,817)	(7,408)	(2,137,984)
Total other financing sources (uses)	<u>(1,543,221)</u>	<u>-</u>	<u>1,002,390</u>	<u>(540,831)</u>
Net change in fund balances	(788,563)	66,741	46,710	(675,112)
Fund balances (deficits) - beginning of year	7,035,835	(39,737)	174,061	7,170,159
Fund balances (deficits) - end of year	<u>\$ 6,247,272</u>	<u>\$ 27,004</u>	<u>\$ 220,771</u>	<u>\$ 6,495,047</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.

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 the urban renewal district, ignite, 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	\$ 144,942	\$ 266	\$ 72,454	\$ 247,437	\$ 2,826,587
Investments	-	-		-	-
Receivables:					
Taxes delinquent	55,267	-	29,464	-	-
Accounts	-	19,239		-	-
Due from other governments	6,286	-	1,151	-	-
Due from other funds	-	-		-	-
Total assets	<u>\$ 206,495</u>	<u>\$ 19,505</u>	<u>\$ 103,069</u>	<u>\$ 247,437</u>	<u>\$ 2,826,587</u>
LIABILITIES					
Accounts payable	\$ 24,061	\$ 9,035	\$ 932	\$ -	\$ -
Due to other Funds	-	27,000	-	-	-
Total liabilities	<u>24,061</u>	<u>36,035</u>	<u>932</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue- property taxes	55,267	-	29,464	-	-
Total deferred inflows of resources	<u>55,267</u>	<u>-</u>	<u>29,464</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted	-	-	-	-	2,826,587
Committed	127,167	-	-	-	-
Assigned	-	-	72,673	247,437	-
Unassigned	-	(16,530)	-	-	-
Total fund balances (deficits)	<u>127,167</u>	<u>(16,530)</u>	<u>72,673</u>	<u>247,437</u>	<u>2,826,587</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 206,495</u>	<u>\$ 19,505</u>	<u>\$ 103,069</u>	<u>\$ 247,437</u>	<u>\$ 2,826,587</u>

Parks Capital Improvements	Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	Public Art	Total Nonmajor Special Revenue Funds
\$ 331,852	\$ 80,317	\$ 221,327	\$ 2,269	\$ 20,110	\$ 734,998	\$4,682,559
-	1,618,381	-	-	-	-	1,618,381
-	-	-	-	-	-	84,731
3,980	-	-	-	-	-	23,219
-	-	-	-	-	-	7,437
-	-	-	-	-	-	-
<u>\$ 335,832</u>	<u>\$ 1,698,698</u>	<u>\$ 221,327</u>	<u>\$ 2,269</u>	<u>\$ 20,110</u>	<u>\$ 734,998</u>	<u>\$6,416,327</u>
\$ 8,602	\$ 7,134	\$ 1,518	\$ 80	\$ 562	\$ 5,400	\$ 57,324
-	-	-	-	-	-	27,000
<u>8,602</u>	<u>7,134</u>	<u>1,518</u>	<u>80</u>	<u>562</u>	<u>5,400</u>	<u>84,324</u>
-	-	-	-	-	-	84,731
-	-	-	-	-	-	84,731
-	-	-	-	19,548	-	2,846,135
327,230	1,691,564	219,809	-	-	729,598	3,095,368
-	-	-	2,189	-	-	322,299
-	-	-	-	-	-	(16,530)
<u>327,230</u>	<u>1,691,564</u>	<u>219,809</u>	<u>2,189</u>	<u>19,548</u>	<u>729,598</u>	<u>6,247,272</u>
<u>\$ 335,832</u>	<u>\$ 1,698,698</u>	<u>\$ 221,327</u>	<u>\$ 2,269</u>	<u>\$ 20,110</u>	<u>\$ 734,998</u>	<u>\$6,416,327</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, 2016

	<u>Library</u>	<u>Cemetery</u>	<u>Insurance Fund</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>
REVENUES					
Taxes	\$ 1,460,931	\$ -	\$ 335,320	\$ -	\$ -
Intergovernmental	734	-	-	-	-
Charges for services	9,024	173,798	-	215,738	786,220
Fines and forfeits	18,323	-	-	-	-
Unrealized gain (loss) on investments	-	-	-	-	-
Interest	567	-	86	369	11,310
Miscellaneous	5,365	13,520	-	-	-
Total revenues	<u>1,494,944</u>	<u>187,318</u>	<u>335,406</u>	<u>216,107</u>	<u>797,530</u>
EXPENDITURES					
Current:					
General government	-	248,175	362,398	-	1,700
Culture and recreation	1,343,363	-	-	-	-
Capital outlay	135,689	36,150	-	-	-
Debt Service:					
Principal payments	-	-	-	-	-
Total expenditures	<u>1,479,052</u>	<u>284,325</u>	<u>362,398</u>	<u>-</u>	<u>1,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,892</u>	<u>(97,007)</u>	<u>(26,992)</u>	<u>216,107</u>	<u>795,830</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	126,900	80,487	-	-
Operating transfers out	-	(29,386)	-	-	(1,962,905)
Total other financing sources (uses)	<u>-</u>	<u>97,514</u>	<u>80,487</u>	<u>-</u>	<u>(1,962,905)</u>
Net change in fund balances	<u>15,892</u>	<u>507</u>	<u>53,495</u>	<u>216,107</u>	<u>(1,167,075)</u>
Fund balances - beginning of year	<u>111,275</u>	<u>(17,037)</u>	<u>19,178</u>	<u>31,330</u>	<u>3,993,662</u>
Fund balances (deficits) - end of year	<u>\$ 127,167</u>	<u>\$ (16,530)</u>	<u>\$ 72,673</u>	<u>\$ 247,437</u>	<u>\$ 2,826,587</u>

Parks Capital Improvements	Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	Public Art	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,796,251
-	-	-	-	-	-	734
152,164	-	68,510	-	-	-	1,405,454
-	-	-	-	-	-	18,323
-	(11,500)	-	-	-	-	(11,500)
893	44,247	709	7	63	1,679	59,930
22,165	-	11,162	-	16,909	132,831	201,952
175,222	32,747	80,381	7	16,972	134,510	3,471,144
-	6,847	-	144	24,213	49,986	693,463
74,502	-	101,461	-	-	-	1,519,326
217,358	-	-	-	-	-	389,197
114,500	-	-	-	-	-	114,500
406,360	6,847	101,461	144	24,213	49,986	2,716,486
(231,138)	25,900	(21,080)	(137)	(7,241)	84,524	754,658
-	-	-	-	-	-	-
289,163	49,386	-	-	13,500	20,102	579,538
(3,568)	(126,900)	-	-	-	-	(2,122,759)
285,595	(77,514)	-	-	13,500	20,102	(1,543,221)
54,457	(51,614)	(21,080)	(137)	6,259	104,626	(788,563)
272,773	1,743,178	240,889	2,326	13,289	624,972	7,035,835
\$ 327,230	\$ 1,691,564	\$ 219,809	\$ 2,189	\$ 19,548	\$ 729,598	\$ 6,247,272

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 #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, 2016

	LID #129/132	LID #145	LID #149	LID #151	LID Guarantee Fund	Total Nonmajor Debt Service Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 55,151	\$ 55,151
Receivables:						
Assessments						
Delinquent	3	-	1,434	417	-	1,854
Deferred	4,617	-	27,900	406,820	-	439,337
Total assets	<u>\$ 4,620</u>	<u>\$ -</u>	<u>\$29,334</u>	<u>\$407,237</u>	<u>\$ 55,151</u>	<u>\$496,342</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Deposits	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250
Due to other funds	-	-	29,334	407,237	-	436,571
Total liabilities	<u>-</u>	<u>-</u>	<u>29,334</u>	<u>407,237</u>	<u>250</u>	<u>436,821</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-special assessments	4,617	-	27,900	-	-	32,517
Total deferred inflows of resources	<u>4,617</u>	<u>-</u>	<u>27,900</u>	<u>-</u>	<u>-</u>	<u>32,517</u>
FUND BALANCES (DEFICITS)						
Restricted	3	-	-	-	54,901	54,904
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	(27,900)	-	-	(27,900)
Total fund balances (deficits)	<u>3</u>	<u>-</u>	<u>(27,900)</u>	<u>-</u>	<u>54,901</u>	<u>27,004</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,620</u>	<u>\$ -</u>	<u>\$29,334</u>	<u>\$407,237</u>	<u>\$ 55,151</u>	<u>\$496,342</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, 2016

	LID #129/132	LID #145	LID #149	LID #151	LID Guarantee Fund	Total Nonmajor Debt Service Funds
REVENUES						
Assessments collected	\$ 7,472	\$ 26,967	\$ 22,372	\$ -	\$ 9,462	\$ 66,273
Penalty and interest	348	-	-	-	120	468
Total revenues	<u>7,820</u>	<u>26,967</u>	<u>22,372</u>	<u>-</u>	<u>9,582</u>	<u>66,741</u>
EXPENDITURES						
Bond principal	-	-	-	-	-	-
Interest, fees and other	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,820</u>	<u>26,967</u>	<u>22,372</u>	<u>-</u>	<u>9,582</u>	<u>66,741</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	7,817	7,817
Operating transfers out	(7,817)	-	-	-	-	(7,817)
Total other financing sources (uses)	<u>(7,817)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,817</u>	<u>-</u>
Net change in fund balances	3	26,967	22,372	-	17,399	66,741
Fund balances (deficits)-beginning of year	-	(26,967)	(50,272)	-	37,502	(39,737)
Fund balances (deficits) - end of year	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (27,900)</u>	<u>\$ -</u>	<u>\$ 54,901</u>	<u>\$ 27,004</u>

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.

Margaret Avenue: To administer expenditures for the purpose of reconstructing a portion of Margaret Avenue including improvements to the drainage of stormwater.

Ironwood Drive: To administer expenditures for the purpose of adding additional turn lanes to the corner of Highway 95 and Ironwood Drive.

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

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

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

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

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

City of Coeur d'Alene, Idaho

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS September 30, 2016

	Misc. Capital Projects	15th Street at Cherry Hill	Govt Way Hanley to Prairie	Margaret Avenue
ASSETS				
Cash and cash equivalents	\$ 15,388	\$ 68,370	\$ -	\$ 52,030
Accounts Receivable	-	-	-	-
Due from other governments	-	-	8,478	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 15,388</u>	<u>\$ 68,370</u>	<u>\$ 8,478</u>	<u>\$ 52,030</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 5,323	\$ -
Due to other funds	-	-	11,001	-
Total liabilities	<u>-</u>	<u>-</u>	<u>16,324</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Assigned	15,388	68,370	-	52,030
Unassigned	-	-	(7,846)	-
Total fund balances (deficits)	<u>15,388</u>	<u>68,370</u>	<u>(7,846)</u>	<u>52,030</u>
Total liabilities and fund balances (deficits)	<u>\$ 15,388</u>	<u>\$ 68,370</u>	<u>\$ 8,478</u>	<u>\$ 52,030</u>

Ironwood Drive	15th St Harrison to Best	Kathleen Avenue Rewidening	Seltice Way Sidewalks	Seltice Way Design	Levee Certification	Total Capital Projects Funds
\$ -	\$ -	\$ 50,000	\$ 62,551	\$ -	\$ 203,231	\$ 451,570
-	-	-	-	-	-	-
-	-	-	9,449	-	-	17,927
-	-	-	-	-	91,057	91,057
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 72,000</u>	<u>\$ -</u>	<u>\$ 294,288</u>	<u>\$ 560,554</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,403	\$ 248,726
63,667	6,670	-	-	9,719	-	91,057
<u>63,667</u>	<u>6,670</u>	<u>-</u>	<u>-</u>	<u>9,719</u>	<u>243,403</u>	<u>339,783</u>
-	-	50,000	72,000	-	50,885	308,673
(63,667)	(6,670)	-	-	(9,719)	-	(87,902)
<u>(63,667)</u>	<u>(6,670)</u>	<u>50,000</u>	<u>72,000</u>	<u>(9,719)</u>	<u>50,885</u>	<u>220,771</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 72,000</u>	<u>\$ -</u>	<u>\$ 294,288</u>	<u>\$ 560,554</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, 2016

	Misc. Capital Projects	15th Street at Cherry Hill	Govt Way Hanley to Prairie	Margaret Avenue
REVENUES				
Contributions	\$ -	\$ -	\$ 17,092	\$ -
Intergovernmental	-	-	52,741	-
Investment income	-	-	831	-
Total revenues	-	-	70,664	-
EXPENDITURES				
Services and supplies	-	-	48,324	-
Capital outlay	-	-	19,528	12,800
Total expenditures	-	-	67,852	12,800
Excess (deficiency) of revenues over (under) expenditures	-	-	2,812	(12,800)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	65,000
Operating transfers out	-	-	-	(170)
Total other financing sources (uses)	-	-	-	64,830
Net change in fund balances	-	-	2,812	52,030
Fund balance (deficit) - beginning of year	\$ 15,388	\$ 68,370	(10,658)	-
Fund balance (deficit) - end of year	\$ 15,388	\$ 68,370	\$ (7,846)	\$ 52,030

Ironwood Drive	15th St Harrison to Best	Kathleen Avenue Rewidening	Seltice Way Sidewalks	Seltice Way Design	Levee Certification	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,092
-	-	-	-	-	132,400	185,141
-	-	-	-	-	-	831
-	-	-	-	-	132,400	\$ 203,064
22,904	3,277	-	-	-	17,592	92,097
493,366	17,392	-	-	119,000	404,561	1,066,647
516,270	20,669	-	-	119,000	422,153	1,158,744
(516,270)	(20,669)	-	-	(119,000)	(289,753)	(955,680)
457,898	-	-	79,000	92,900	315,000	1,009,798
(5,295)	(360)	-	-	(1,583)	-	(7,408)
452,603	(360)	-	79,000	91,317	315,000	1,002,390
(63,667)	(21,029)	-	79,000	(27,683)	25,247	46,710
-	14,359	\$ 50,000	(7,000)	17,964	25,638	174,061
\$ (63,667)	\$ (6,670)	\$ 50,000	\$ 72,000	\$ (9,719)	\$ 50,885	\$ 220,771

The enterprise funds are used to account for the City's wastewater property management, street lighting, public parking operations and drainage 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.

Drainage Fund: 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, 2016

	Business-type Activities - Nonmajor Enterprise Funds				
	Wastewater Property Management	Street Lighting	Public Parking Lot	Drainage	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 60,668	\$ 331	\$ 90,109	\$ 482,777	\$ 633,885
Receivables:					
Accounts, net of allowance for uncollectible accounts	-	46,762	46,071	95,191	188,024
Total current assets	60,668	47,093	136,180	577,968	821,909
Non-current assets:					
Capital assets:					
Land	-	-	122,264	-	122,264
Construction in Progress	-	-	-	-	-
Other capital assets, net of accumulated depreciation	-	164,258	7,162,906	4,824,942	12,152,106
Total non-current assets	-	164,258	7,285,170	4,824,942	12,274,370
Total assets	60,668	211,351	7,421,350	5,402,910	13,096,279
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	-	-	-	29,450	29,450
LIABILITIES					
Current liabilities:					
Accounts payable	-	55,756	-	71,592	127,348
Due to other Funds	-	-	-	-	-
Total current liabilities	-	55,756	-	71,592	127,348
Non-current liabilities:					
Compensated absences	-	-	-	20,955	20,955
Net pension liability	-	-	-	51,651	51,651
Total non-current liabilities	-	-	-	72,606	72,606
Total liabilities	-	55,756	-	144,198	199,954
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	-	-	-	17,573	17,573
NET POSITION					
Net investment in capital assets	-	164,258	7,285,170	4,824,942	12,274,370
Unrestricted	60,668	(8,663)	136,180	445,647	633,832
Total net position	\$ 60,668	\$155,595	\$7,421,350	\$ 5,270,589	\$12,908,202

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, 2016

	Business-type Activities - Nonmajor Enterprise Funds				
	Wastewater Property Management	Street Lighting	Public Parking Lot	Drainage	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Services	\$ -	\$ 523,763	\$ 197,840	\$ 1,024,213	\$ 1,745,816
OPERATING EXPENSES					
Administration	-	-	-	104,003	104,003
Maintenance	-	28,939	6,964	245,712	281,615
Supplies	-	-	-	30,173	30,173
Contracted services	-	577,624	52,000	6,400	636,024
Depreciation	-	26,205	443,457	232,038	701,700
Bad debt expense	-	307	-	549	856
Net pension expense (revenue)	-	-	-	9,422	9,422
Total operating expenses	-	633,075	502,421	628,297	1,763,793
Operating income (loss)	-	(109,312)	(304,581)	395,916	(17,977)
NONOPERATING REVENUES					
Investment income	-	54	28	1,288	1,370
Loss on sale of assets	-	-	-	-	-
Total nonoperating revenues	-	54	28	1,288	1,370
Income (loss) before contributions and transfers	-	(109,258)	(304,553)	397,204	(16,607)
Capital contributions	-	-	-	-	-
Operating transfers in		65,000		-	65,000
Operating transfers out		-	(44,602)	(220,230)	(264,832)
Change in net position		(44,258)	(349,155)	176,974	(216,439)
Total net position - beginning	60,668	199,853	7,770,505	5,093,615	13,124,641
Prior period adjustment	-	-	-	-	-
Total net position - ending	\$ 60,668	\$ 155,595	\$ 7,421,350	\$ 5,270,589	\$ 12,908,202

City of Coeur d'Alene, Idaho
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUND TYPES
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds				
	Waste- water Property Mgt	Street Lighting	Public Parking Lot	Drainage	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ -	\$ 524,626	\$ 620,867	\$ 1,027,301	\$ 2,172,794
Payments to suppliers	-	(612,729)	(489,654)	(240,306)	(1,342,689)
Payments to employees	-	-	-	(106,030)	(106,030)
Net cash provided (used) by operating activities	-	(88,103)	131,213	680,965	724,075
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	-	65,000	-	-	65,000
Operating transfers out	-	-	(44,602)	(220,230)	(264,832)
Net cash provided (used) by noncapital financing activities	-	65,000	(44,602)	(220,230)	(199,832)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset purchases	-	-	-	(296,300)	(296,300)
Net cash provided (used) by financing activities	-	-	-	(296,300)	(296,300)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	54	28	1,288	1,370
Net cash provided (used) by investing activities	-	54	28	1,288	1,370
Net increase (decrease) in cash and cash equivalents	-	(23,049)	86,639	165,723	229,313
Cash and cash equivalents, beginning of year	60,668	23,380	3,470	317,054	404,572
Cash and cash equivalents, end of year	<u>\$ 60,668</u>	<u>\$ 331</u>	<u>\$ 90,109</u>	<u>\$ 482,777</u>	<u>\$ 633,885</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ -	\$(109,312)	\$(304,581)	\$ 395,916	\$ (17,977)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in assets:					
Depreciation	-	26,205	443,457	232,038	701,700
Accounts receivable	-	863	423,027	3,088	426,978
Deferred outflows of resources	-	-	-	(11,812)	(11,812)
Increase (decrease) in liabilities:					
Accounts payable	-	(5,859)	(690)	50,198	43,649
Due to other funds	-	-	(430,000)	-	(430,000)
Compensated absences	-	-	-	(1,320)	(1,320)
(Decrease) increase in net pension liability	-	-	-	17,385	17,385
(Decrease) increase in deferred inflows of resources	-	-	-	(4,528)	(4,528)
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (88,103)</u>	<u>\$ 131,213</u>	<u>\$ 680,965</u>	<u>\$ 724,075</u>

REPORT REQUIRED BY THE GAO



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Coeur d'Alene, Idaho, as of and for the year ended September 30, 2016, 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 9, 2017.

Internal Control over Financial Reporting

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

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

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

Purpose of this Report

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

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

Anderson Bros. CPA's, P.A.

March 9, 2017

SINGLE AUDIT REPORT



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

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Coeur d'Alene's compliance with the types of compliance requirements described in the *OMB 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, 2016. The City of Coeur d'Alene's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Coeur d'Alene's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Coeur d'Alene's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Coeur d'Alene's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Coeur d'Alene complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Coeur d'Alene's internal control over compliance.

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

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

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



Anderson Bros., CPA's, P.A.
March 9, 2017

City of Coeur d'Alene, Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2016

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		\$ 527,129
<u>U.S. Department of Justice</u>			
<i>Direct programs:</i>			
Bulletproof Vest Partnership Program	16.607		4,394
Public Safety Partnership & Community Policing Grant	16.710		138,019
Edward Byrne Memorial Justice Assistance Grant Program	16.738		63,612
Subtotal direct			206,025
<i>Passed through the State of Idaho:</i>			
Missing Children's Assistance	16.543	826000176	6,006
Edward Byrne Memorial Justice Assistance Grant Program	16.738	826000176	64,335
Subtotal passed through the State of Idaho			70,341
Total U.S. Department of Justice			276,366
<u>U.S. Department of Transportation</u>			
<i>Passed through the State of Idaho:</i>			
Highway Planning and Construction	20.205	826000176	52,741
State and Community Highway Safety	20.600	826000176	93,207
National Priority Safety Programs	20.616	826000176	9,019
Total U.S. Department of Transportation			154,967
<u>Institute of Museum and Library Services</u>			
<i>Passed through the State of Idaho:</i>			
Grants to States	45.310	826000176	734
<u>Environmental Protection Agency</u>			
<i>Passed through the State of Idaho:</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	826000176	902,449
<u>Department of Health and Human Services</u>			
<i>Passed through the State of Idaho:</i>			
Public Health Emergency Preparedness	93.243	826000176	2,692
<u>U.S. Department of Homeland Security</u>			
<i>Passed through the State of Idaho:</i>			
Homeland Security Grant Program	97.067	826000176	68,110
Total U.S. Department of Homeland Security			68,110
			<u>\$ 1,932,447</u>

City of Coeur d'Alene, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Coeur d'Alene (the Government's) under programs of the federal government for the year ended September 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Government.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Pass-through entity identifying numbers are presented where available.

NOTE 3: MATCHING REQUIREMENTS

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

City of Coeur d'Alene, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a) ☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)

66.458

Name of Federal Program or Cluster

Capitalization Grants for Clean Water
State Revolving Funds

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

\$750,000

Auditee qualified as low-risk auditee

☒ Yes ☐ No

City of Coeur d'Alene, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2016

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.