



City of
Coeur d'Alene
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City of Coeur d'Alene, Idaho
Audited Financial Statements
September 30, 2019

City of Coeur d'Alene, Idaho

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City of Coeur d'Alene, Idaho

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Coeur d'Alene's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020 on our consideration of the City of Coeur d'Alene's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Coeur d'Alene's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Coeur d'Alene's internal control over financial reporting and compliance.

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

Anderson Bros. CPAs
Post Falls, Idaho
March 27, 2020

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, 2019

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, 2019.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$348,575,506 (net position). Of this amount, \$43,274,621 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$17,122,390. This increase is made up of a 7.84% increase in the business activities and a 1.74% increase in the governmental activities.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$13,971,441 an increase of \$3,130,659. This increase is attributed to an increase in the general fund of \$914,586 due to several positions that remained unfilled during the fiscal year and a grant from the State of Idaho for improvements to the signal and Industrial Park Loop and Atlas that was prepaid to the City in the amount of \$804,500.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$9,057,245, or 21.4% of the amended 2019 budget of general fund expenditures. The percentage for the year before was 24.39%, a decrease of 2.99%.
- The City's total debt increased by \$1,136,973 during fiscal year 2018-2019. The City's loan payable to the Department of Environmental Quality for improvements to tertiary treatment of wastewater increased \$3,120,314 in fiscal year 2018-19. The City also entered into new leases for graders in the amount of \$1,164,210. The only other increase was an increase in compensated absences of \$246,947. The other changes to long-term debt were payments of \$768,429 on general obligation bond debt and \$1,787,543 on revenue bonds and \$838,526 on capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

The City maintains 26 individual governmental funds. Information is presented separately in the governmental Fund Balance sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Capital Projects Fund which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements or schedules elsewhere in this report.

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

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net positions – The City has 86.29% of its total net positions invested in capital assets (land, buildings, infrastructure, machinery and equipment, and vehicles) less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional 1.3% 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, 12.41%, 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, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Table 1, below is a comparative summary of the City of Coeur d'Alene's Net Position statement for the years ended September 30, 2019 and 2018:

Table 1
Statements of Net Position
September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$ 18,437,700	\$ 13,886,962	\$ 40,816,684	\$ 35,612,121	\$ 59,254,384	\$ 49,499,083
Net pension asset-FRF plan	11,091,489	8,982,985	-	-	11,091,489	8,982,985
Capital assets	142,161,231	145,123,116	207,139,674	195,339,404	349,300,905	340,462,520
Total assets	171,690,420	167,993,063	247,956,358	230,951,525	419,646,778	398,944,588
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows-base plan	1,973,881	2,652,846	237,650	328,916	2,211,531	2,981,762
Deferred pension outflows-FRF plan	72,725	73,379	-	-	72,725	73,379
Total deferred outflows of resources	2,046,606	2,726,225	237,650	328,916	2,284,256	3,055,141
LIABILITIES						
Other liabilities	4,058,587	2,723,400	2,275,096	1,341,367	6,333,683	4,064,767
Net pension liability-base plan	7,718,489	10,206,295	988,034	1,322,443	8,706,523	11,528,738
Other long-term liabilities	9,560,223	9,898,122	43,782,897	42,308,025	53,343,120	52,206,147
Total liabilities	21,337,299	22,827,817	47,046,027	44,971,835	68,383,326	67,799,652
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows-base plan	3,790,656	1,988,660	441,476	199,254	4,232,132	2,187,914
Deferred pension inflows-FRF plan	740,070	559,047	-	-	740,070	559,047
Total deferred inflows of resources	4,530,726	2,547,707	441,476	199,254	4,972,202	2,746,961
NET POSITION						
Net investment in capital assets	136,493,211	138,858,353	164,269,230	153,487,485	300,762,441	292,345,838
Restricted	4,538,444	4,103,490	-	-	4,538,444	4,103,490
Unrestricted	6,837,346	2,381,921	36,437,275	32,621,867	43,274,621	35,003,788
Total net position	\$ 147,869,001	\$ 145,343,764	\$ 200,706,505	\$ 186,109,352	\$ 348,575,506	\$ 331,453,116

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, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Table 2, below is a comparative summary of the City of Coeur d'Alene's Changes in Net Position for the years ended September 30, 2019 and 2018:

Table 2
Changes in Net Position
September 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues:						
Charges for services	\$ 4,049,797	\$ 4,865,896	\$ 24,607,417	\$ 23,189,662	\$ 28,657,214	\$ 28,055,558
Operating grants and contributions	607,796	401,556	-	-	607,796	401,556
Capital grants and contributions	393,802	142,000	3,895,992	6,469,341	4,289,794	6,611,341
General revenues:						
Property taxes	22,881,535	22,470,318	-	-	22,881,535	22,470,318
Sales tax	4,152,212	3,894,493	-	-	4,152,212	3,894,493
Franchise fees	3,342,783	3,441,002	-	-	3,342,783	3,441,002
Motor fuel taxes	2,451,828	2,348,686	-	-	2,451,828	2,348,686
Alcoholic beverage taxes	1,227,288	1,227,543	-	-	1,227,288	1,227,543
Grants and contributions not restricted to specific purposes	5,249,763	5,588,309	-	-	5,249,763	5,588,309
Interest and investment earnings	559,989	257,663	899,862	561,320	1,459,851	818,983
Miscellaneous	337,572	305,940	-	-	337,572	305,940
Special assessments	-	-	-	-	-	-
Donated assets	121,662	1,043,649	-	-	121,662	1,043,649
Total revenues	45,376,027	45,987,055	29,403,271	30,220,323	74,779,298	76,207,378
EXPENSES						
General government	6,738,480	6,374,568	-	-	6,738,480	6,374,568
Public safety	23,347,591	22,716,887	-	-	23,347,591	22,716,887
Public works	8,983,071	8,541,152	-	-	8,983,071	8,541,152
Culture and recreation	5,390,775	5,225,823	-	-	5,390,775	5,225,823
Administrative expense	74,426	51,202	-	-	74,426	51,202
Interest on long-term debt	241,506	219,258	-	-	241,506	219,258
Change in OPEB obligation	-	-	-	-	-	-
Water services	-	-	6,261,852	6,048,844	6,261,852	6,048,844
Wastewater	-	-	9,281,413	8,600,114	9,281,413	8,600,114
Sanitation	-	-	3,401,979	3,095,699	3,401,979	3,095,699
Other enterprise	-	-	2,506,561	1,989,511	2,506,561	1,989,511
Loss (gain) on asset disposal	(115,700)	312,471	(135,477)	(44,487)	(251,177)	267,984
Net pension expense (revenue)	1,014,374	295,747	197,262	284,543	1,211,636	580,290
Total expenses	45,674,523	43,737,108	21,513,590	19,974,224	67,188,113	63,711,332
Increase (decrease) in net position before transfers	(298,496)	2,249,947	7,889,681	10,246,099	7,591,185	12,496,046
Transfers	2,343,846	2,146,068	(2,343,846)	(2,146,068)	-	-
Special items	479,887	1,298,994	9,051,318	-	9,531,205	1,298,994
Change in net position	\$ 2,525,237	\$ 5,695,009	\$ 14,597,153	\$ 8,100,031	\$ 17,122,390	\$ 13,795,040

Major changes in governmental activities were as follows:

Governmental activities increased the City's net position by \$2,525,237, which impacted the City's Governmental net position by approximately 1.7%.

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

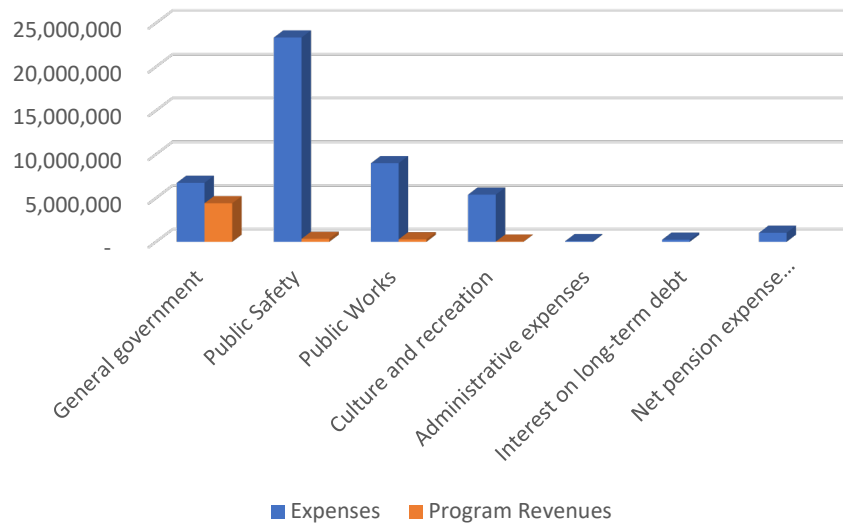
Property taxes collected were \$411,217 higher in fiscal year 2018-19 compared to fiscal year 2017-18 due to new growth. The change in total governmental fund revenue from fiscal year 2018-19 compared to fiscal year 2017-18 was a decrease of \$611,028.

Public safety expenses increased \$630,704 from fiscal year 2017-18 to 2018-19. This increase was due to an increase in wages and benefits.

Governmental Activities:

The following graphs depict various governmental activities and show the expenses and revenues for 2019.

Expenses and Program Revenues – Government Activities FY 2018-19



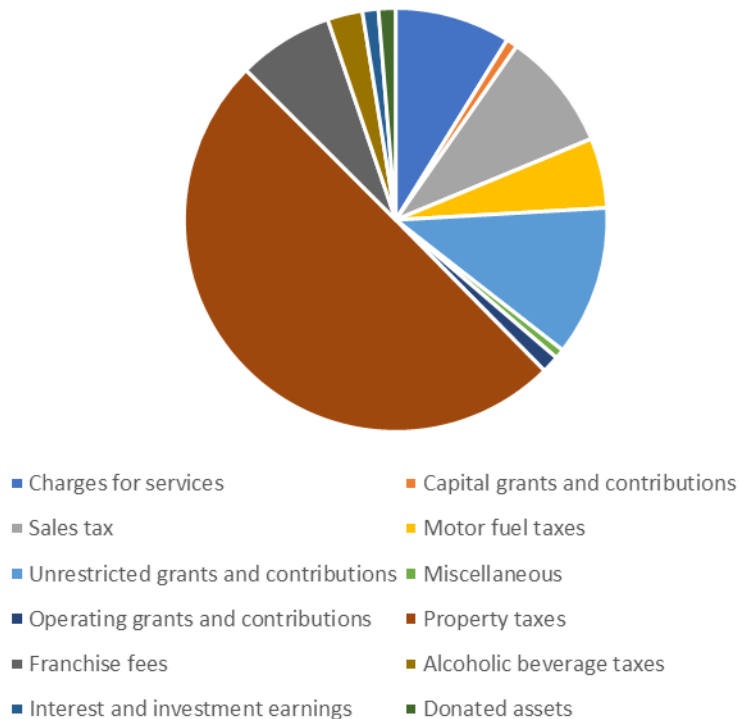
CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities:

Revenues by Source – Governmental Activities



Business-Type Activities:

Business-type activities increased the City's net position by \$14,597,153, which impacted the City's business-type net position by 7.84%. There was an increase in revenue from charges for services in the amount of \$1,417,755. This increase was mainly due to an increase in the number of accounts billed due to growth in the city and also an increase in water, wastewater, parking and street lighting rates. The increase in the wastewater fund was \$746,619, the increase in water revenue was \$225,725 and the increase in parking revenue was \$347,089. Sanitation revenue also increased year over year by \$56,256.

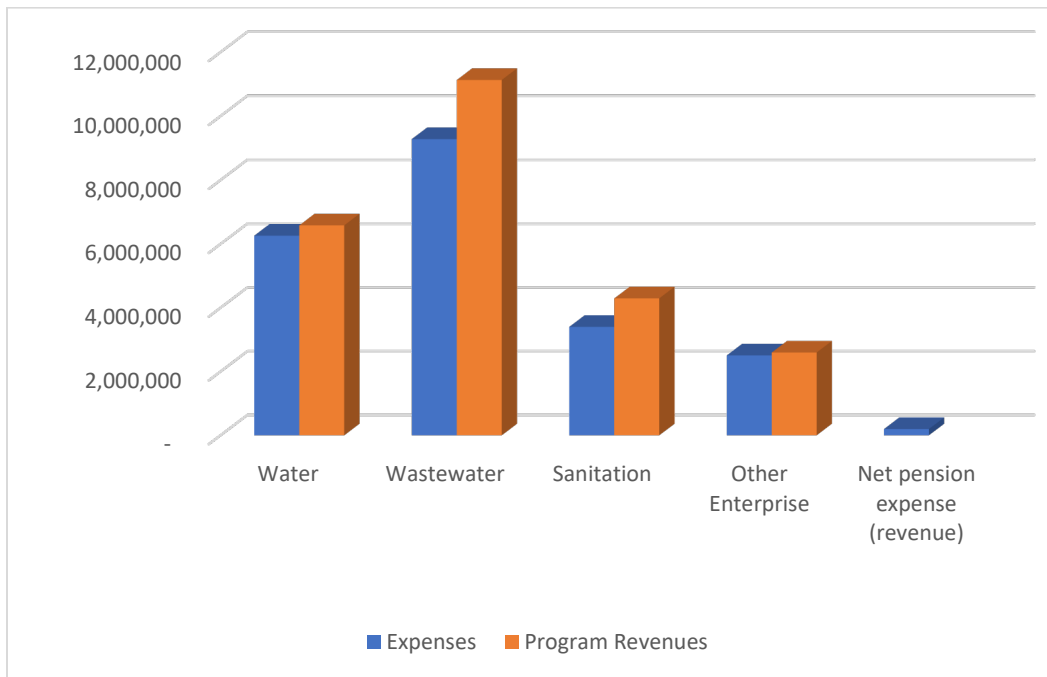
CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

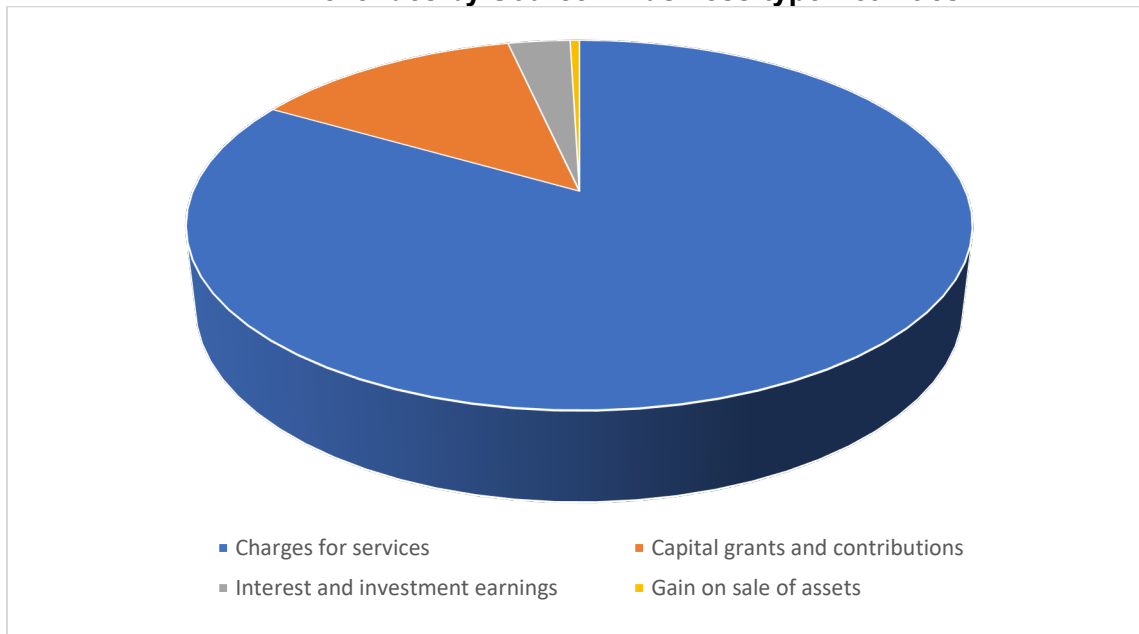
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities:

Expenses and Program Revenue – Business-Type Activities



Revenues by Source – Business-type Activities



CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$13,971,441 an increase of \$3,130,659. Of the \$13,971,441 fund balance \$2,703,580 is unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to pay debt service, public safety capital needs (general obligation bond proceeds), future park, fire, police and street projects, and perpetual care of cemeteries.

The General Fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$11,958,697. 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 28.26% of 2019 budgeted expenditures and the unassigned fund balance of \$9,057,245 represents 21.4% of 2019 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 2020 from the first current-year property tax settlement. Also, important to note is that the capital projects fund borrowed \$7,700,000 from the wastewater capitalization fund in fiscal year 2017-18 to purchase the Atlas Waterfront Site property. Interest on this due to / due from is accruing at an annual rate of 1.5% with the understanding that future tax increment funds from ignite's atlas district will begin to pay this down beginning in 2021.

General Fund cash balance increased by \$2,060,977. This increase can be attributed to an increase of \$1,233,791 in accounts payable from fiscal year end 2017-18 to 2018-19. Revenues decreased \$169,119, from the previous year and expenses increased \$1,268,937.

The fund balance of the City's General Fund increased \$914,586. This increase was mostly due to operating transfers in of \$2,713,755 in fiscal year 2018-19, as well as proceeds from the sale of capital assets in the amount of \$349,085.

LID Fund 149 had a fund balance deficit in the amounts of \$6,272. This deficit will disappear as funds are collected each year from affected property owners in the special assessment boundaries. The capital projects fund had a fund balance deficit of \$6,347,393 at September 30, 2019. This deficit will disappear as the projects are completed and funds are received from other taxing districts, private organizations, development of the Atlas Riverfront Site and transfers from impact fees.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$36,437,275. The total increase in net position for the funds was \$14,597,153. This majority of this increase is due to ignite's capital asset contribution of the parking garage between 3rd and 4th Streets in the amount of \$9 million, capital asset contributions of the sewer and water lines and an increase in charges for services.

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund budget was amended during the fiscal year. The amendment increased the General Fund budget before transfers out by \$1,589,231. An amendment in the amount of \$300,000 was approved for the purchase of property on East Sherman. An amendment was also approved for \$607,400 for the purchase of graders that were bought through a lease. The street overlay budget in the Street Department was also amended in the amount of \$88,198 to account for overlay projects that were not completed in fiscal year 2017-18 and were carried over and completed in fiscal year 2018-19. Other amendments included \$164,171 for police and fire department expenditures that were paid for with federal and state grants received.

The budget amendment included the use of \$543,575 of General Fund, Fund Balance but in actuality the fund balance grew by \$914,586 due to year end expenditures being \$1,970,169 below budget. Public safety ended the year at \$837,518 below budget due to not being fully staffed. Capital outlay also was under budget due to the closing on the East Sherman properties being pushed into fiscal year 2019-20.

Overall expenditures before transfers were \$1,970,169 under the final amended budget and \$380,938 under the original budget. Overall revenues before transfers were \$118,464 over the final amended budget of \$38,086,656 and \$676,165 over the original budget of \$37,528,955.

CAPITAL ASSETS

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2019, amounts to \$349,300,905. This investment in capital assets includes land, buildings, infrastructure, construction in progress, machinery and equipment and vehicles. This balance represents a net increase of \$8,838,385 from the prior year. Additional details of capital asset activity for the year can be found in Note 5 of the notes to basic financial statements.

The majority of the increase in the net capital assets can be attributed to the contribution from ignite of the parking garage. Other increases occurred from contributions of capital in the water and wastewater funds, and street projects.

LONG-TERM DEBT

The City's long-term bonded debt decreased by \$2,555,972 in 2019; leaving a balance of \$28,152,271 at year-end. The City also has a loan payable with the Department of Environmental Quality for expansion, improvements and modifications to the wastewater treatment plant that increased in 2019 from \$16,519,826 to \$19,640,140. The total borrowing allowed for this loan is \$20,000,000 to be repaid in biannual installments over 20 years once it is closed. Additional details of long-term debt activity for the year can be found in Notes 6 and 7 in the notes to basic financial statements. State statutes limit the amount of general obligation debt a government entity may issue to 2% of assessed market value. The current debt limitation for the City is \$90,041,635 which is significantly higher than the City's net outstanding general obligation debt of \$4,955,583.

CITY OF COEUR D'ALENE
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City Council chose to take a 3% increase in the amount of property taxes levied of the allowed 3% for the 2019-20 budget. The two previous year the Council took a 0%

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

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

City of Coeur d'Alene, Idaho

STATEMENT OF NET POSITION

September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	ignite cda
ASSETS				
Cash and cash equivalents	\$ 22,060,051	\$ 27,974,777	\$ 50,034,828	\$ 7,733,983
Investments	1,382,735	-	1,382,735	-
Receivables:				
Taxes delinquent	418,082	-	418,082	324,537
Accounts receivable	835,855	3,891,192	4,727,047	-
Special assessments	290,108	18,715	308,823	-
Prepaid expenses	-	-	-	-
Internal balances	(8,932,000)	8,932,000	-	-
Due from other governments	2,382,869	-	2,382,869	-
Deposits	-	-	-	200
Restricted cash - bond reserve	-	-	-	622,877
Net pension asset-FRF plan	11,091,489	-	11,091,489	-
Capital assets:				
Land	27,906,356	4,180,450	32,086,806	1,362,814
Construction in Progress	3,242,754	17,479,730	20,722,484	-
Capital assets, net of accumulated depreciation	111,012,121	185,479,494	296,491,615	230,670
Total assets	171,690,420	247,956,358	419,646,778	10,275,081
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows-base plan	1,973,881	237,650	2,211,531	-
Deferred pension outflows-FRF plan	72,725	-	72,725	-
Total deferred outflows of resources	2,046,606	237,650	2,284,256	-
LIABILITIES				
Accounts payable	3,565,946	2,120,278	5,686,224	25,346
Accrued payroll and related costs	-	-	-	3,796
Other accrued liabilities	-	100,000	100,000	-
Due to other governments	-	-	-	695
Deposits	475,959	-	475,959	-
Accrued interest payable	16,682	54,818	71,500	-
Long-term liabilities:				
Due within one year	1,178,692	1,754,964	2,933,656	3,625,045
Due in more than one year	8,381,531	42,027,933	50,409,464	5,577,365
Other liabilities due in more than one year:				
Net pension liability-base plan	7,718,489	988,034	8,706,523	-
Total liabilities	21,337,299	47,046,027	68,383,326	9,232,247
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows-base plan	3,790,656	441,476	4,232,132	-
Deferred pension inflows-FRF plan	740,070	-	740,070	-
Total deferred inflows of resources	4,530,726	441,476	4,972,202	-
NET POSITION				
Net investment in capital assets	136,493,211	164,269,230	300,762,441	1,593,484
Restricted	4,538,444	-	4,538,444	-
Unrestricted	6,837,346	36,437,275	43,274,621	(550,650)
Total net position	\$ 147,869,001	\$ 200,706,505	\$ 348,575,506	\$ 1,042,834

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, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,738,480	\$ 4,049,797	\$ 355,080	\$ -
Public safety	23,347,591	-	232,225	110,692
Public works	8,983,071	-	-	283,110
Culture and recreation	5,390,775	-	20,491	-
Administrative expense	74,426	-	-	-
Interest on long-term debt	241,506	-	-	-
Change in OPEB obligation	-	-	-	-
Net pension expense (revenue)	1,014,374	-	-	-
Total governmental activities	45,790,223	4,049,797	607,796	393,802
Business-type activities:				
Water	6,261,852	6,584,121	-	1,669,180
Wastewater	9,281,413	11,130,578	-	2,226,812
Sanitation	3,401,979	4,295,509	-	-
Other Enterprise	2,506,561	2,597,209	-	-
Net pension expense (revenue)	197,262	-	-	-
Total business-type activities	21,649,067	24,607,417	-	3,895,992
Total primary government	\$ 67,439,290	\$ 28,657,214	\$ 607,796	\$ 4,289,794
Component unit:				
Lake City Development Corporation	\$ 6,418,288	\$ 21,099	\$ -	\$ -
Total component unit	\$ 6,418,288	\$ 21,099	\$ -	\$ -

General revenues:

- Property taxes, levied for general purposes
- Sales tax
- Franchise fees
- Motor fuel taxes
- Alcoholic beverage taxes
- Grants and contributions not restricted to specific purposes:
- Interest and investment earnings
- Miscellaneous
- Donated assets
- Special assessments
- (Loss) gain on disposal of assets
- Transfers

Special Items:

- Loss on land swap with City
- Property donated to City
- Gain on sale of assets
- Total general revenues, transfer and special items
- Change in net position
- Net position - beginning
- Prior period adjustment
- Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	ignite cda
\$ (2,333,603)	\$ -	\$ (2,333,603)	\$ -
(23,004,674)	-	(23,004,674)	-
(8,699,961)	-	(8,699,961)	-
(5,370,284)	-	(5,370,284)	-
(74,426)	-	(74,426)	-
(241,506)	-	(241,506)	-
-	-	-	-
(1,014,374)	-	(1,014,374)	-
(40,738,828)	-	(40,738,828)	-
-	1,991,449	1,991,449	-
-	4,075,977	4,075,977	-
-	893,530	893,530	-
-	90,648	90,648	-
-	(197,262)	(197,262)	-
-	6,854,342	6,854,342	-
\$ (40,738,828)	\$ 6,854,342	(33,884,486)	-
			\$ (6,397,189)
			\$ (6,397,189)
22,881,535	-	22,881,535	6,163,536
4,152,212	-	4,152,212	-
3,342,783	-	3,342,783	-
2,451,828	-	2,451,828	-
1,227,288	-	1,227,288	-
5,249,763	-	5,249,763	-
559,989	899,862	1,459,851	24,128
337,572	-	337,572	27
121,662	-	121,662	-
-	-	-	-
115,700	135,477	251,177	-
2,343,846	(2,343,846)	-	-
-	-	-	-
479,887	9,051,318	9,531,205	(9,531,205)
-	-	-	788,842
43,264,065	7,742,811	51,006,876	(2,554,672)
2,525,237	14,597,153	17,122,390	(8,951,861)
145,343,764	186,109,352	331,453,116	9,994,695
-	-	-	-
\$ 147,869,001	\$ 200,706,505	\$ 348,575,506	\$ 1,042,834

City of Coeur d'Alene, Idaho

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2019

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,343,525	\$ 1,418,954	\$ 7,297,572	\$ 22,060,051
Investments	-	-	1,382,735	1,382,735
Receivables:				
Taxes delinquent	343,385	-	74,697	418,082
Accounts receivable	761,616	61,948	12,291	835,855
Special assessments	-	-	290,108	290,108
Due from other governments	2,367,082	10,193	5,594	2,382,869
Due from other funds	290,108	-	-	290,108
Total assets	<u>\$ 17,105,716</u>	<u>1,491,095</u>	<u>\$ 9,062,997</u>	<u>\$ 27,659,808</u>
LIABILITIES				
Accounts payable	\$ 3,211,175	\$ 22,988	\$ 331,783	\$ 3,565,946
Due to other funds	1,116,500	7,815,500	290,108	9,222,108
Deposits	475,959	-	-	475,959
Total liabilities	<u>4,803,634</u>	<u>7,838,488</u>	<u>621,891</u>	<u>13,264,013</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- property taxes	343,385	-	74,697	418,082
Unavailable revenue- special assessments	-	-	6,272	6,272
Total deferred inflows of resources	<u>343,385</u>		<u>80,969</u>	<u>424,354</u>
FUND BALANCES (DEFICITS)				
Restricted	891,246	-	3,647,198	4,538,444
Committed	1,985,543	-	4,526,428	6,511,971
Assigned	24,663		192,783	217,446
Unassigned	9,057,245	(6,347,393)	(6,272)	2,703,580
Total fund balances	<u>11,958,697</u>	<u>(6,347,393)</u>	<u>8,360,137</u>	<u>13,971,441</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 17,105,716</u>	<u>\$ 1,491,095</u>	<u>\$ 9,062,997</u>	<u>\$ 27,659,808</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, 2019

Total fund balances at September 30, 2019 - Governmental Funds		\$ 13,971,441
Cost of capital assets at September 30, 2019	\$ 234,953,577	
Less: Accumulated depreciation as of September 30, 2019		
Buildings	(10,053,457)	
Equipment	(17,526,779)	
Infrastructure	(60,602,517)	
Other improvements	<u>(4,609,593)</u>	142,161,231
Net pension asset		11,091,489
Deferred pension outflows-base plan		1,973,881
Deferred pension outflows-FRF plan		72,725
Elimination of deferred revenue		424,354
Accrued interest		(16,682)
Net pension liability		(7,718,489)
Net deferred (inflows)/outflows of resources-base plan		(3,790,656)
Net deferred (inflows)/outflows of resources-FRF plan		(740,070)
Long-term liabilities at September 30, 2019		
Leases	(695,755)	
General obligation debt	(4,909,189)	
Bond premium net of amortization	(46,394)	
Compensated absences	<u>(3,908,885)</u>	<u>(9,560,223)</u>
Net position at September 30, 2019		<u>\$ 147,869,001</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, 2019

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 20,248,856	\$ -	\$ 2,577,876	\$ 22,826,732
Licenses and permits	5,435,868	-	-	5,435,868
Intergovernmental	11,379,765	1,428,868	1,212,108	14,020,741
Charges for services	328,149	-	1,208,942	1,537,091
Fines and forfeits	409,912	-	9,709	419,621
Assessments collected	-	-	6,744	6,744
Investment (loss) earnings	320,716	17,872	221,401	559,989
Contributions	-	61,948	-	61,948
Miscellaneous	81,854	-	255,718	337,572
Total revenues	<u>38,205,120</u>	<u>1,508,688</u>	<u>5,492,498</u>	<u>45,206,306</u>
EXPENDITURES				
Current:				
General government	6,625,738	-	301,132	6,926,870
Public safety	24,186,722	-	-	24,186,722
Public works	5,471,417	-	-	5,471,417
Culture and recreation	2,810,549	-	1,735,621	4,546,170
Administrative expense	-	74,426	-	74,426
Capital outlay	1,148,635	616,401	958,688	2,723,724
Debt service:				
Principal payments	433,128	-	760,698	1,193,826
Interest and fiscal agent fees	20,092	115,500	116,231	251,823
Total expenditures	<u>40,696,281</u>	<u>806,327</u>	<u>3,872,370</u>	<u>45,374,978</u>
(Deficiency) excess of revenues				
(under) over expenditures	<u>(2,491,161)</u>	<u>702,361</u>	<u>1,620,128</u>	<u>(168,672)</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	607,400	-	-	607,400
Proceeds on sale of capital assets	348,085	-	-	348,085
Operating transfers in	2,713,755	307,678	324,838	3,346,271
Operating transfers out	(263,493)	-	(738,932)	(1,002,425)
Total other financing sources (uses)	<u>3,405,747</u>	<u>307,678</u>	<u>(414,094)</u>	<u>3,299,331</u>
Net change in fund balances	914,586	1,010,039	1,206,034	3,130,659
Fund balances (deficits) - beginning of year	11,044,111	(7,357,432)	7,154,103	10,840,782
Fund balances - end of year	<u>\$ 11,958,697</u>	<u>\$ (6,347,393)</u>	<u>\$ 8,360,137</u>	<u>\$ 13,971,441</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, 2019

Total net changes in fund balances for year ended September 30, 2019	\$ 3,130,659
Add: Capital outlay which is considered expenditures	2,723,724
Less: Depreciation expense for the year ended September 30, 2019	(6,054,773)
Add: Donated assets	601,549
Less: Proceeds from asset disposal	(348,085)
Add: Gain on asset disposal	115,700
Add: Current year PERSI contributions	2,948,046
Less: PERSI pension plan expense (revenue)	(1,014,374)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	1,002,425
Less: Interfund transfers in	(1,002,425)
Less: Change in compensated absence accrual for the year ended September 30, 2019	(256,259)
Add: Debt principal payments considered as an expenditure	1,193,826
Less: Proceeds from capital lease	(607,400)
Add: Change in accrued interest	2,586
Add: Bond Premium Amortization	7,731
Add: Change in OPEB obligation	34,248
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	54,803
Less: Difference between revenue earned on special assessments on modified accrual basis versus revenue on special assessments on accrual basis	<u>(6,744)</u>
Change in net position for year ended September 30, 2019	<u><u>\$ 2,525,237</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, 2019

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total Current Year
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,307,974	\$ 14,506,458	\$ 1,602,979	\$ 1,557,366	\$ 27,974,777
Receivables:					
Accounts, net of allowance for uncollectible accounts	1,428,930	1,567,272	392,844	502,146	3,891,192
Special assessments receivable	18,715	-	-	-	18,715
Due from other funds	-	8,932,000	-	-	8,932,000
Prepaid expenses			-	-	-
Total current assets	11,755,619	25,005,730	1,995,823	2,059,512	40,816,684
Capital assets:					
Land	437,758	1,528,020	-	2,214,672	4,180,450
Construction in Progress	2,231,232	15,223,998	-	24,500	17,479,730
Capital assets, net of accumulated depreciation	62,368,214	103,972,778	-	19,138,502	185,479,494
Total capital assets, net	65,037,204	120,724,796	-	21,377,674	207,139,674
Total non-current assets	65,037,204	120,724,796	-	21,377,674	207,139,674
Total assets	76,792,823	145,730,526	1,995,823	23,437,186	247,956,358
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	93,455	137,956	-	6,239	237,650
LIABILITIES					
Current liabilities:					
Accounts payable	549,077	1,203,604	297,630	69,967	2,120,278
Claims liability	-	100,000	-	-	100,000
Accrued interest	5,355	49,463	-	-	54,818
Current portion of compensated absences	17,512	9,673	-	-	27,185
Current portion of leases payable	10,190	23,425	-	-	33,615
Current portion of bonds/loan payable	-	1,694,164	-	-	1,694,164
Total current liabilities	582,134	3,080,329	297,630	69,967	4,030,060
Non-current liabilities:					
Compensated absences	182,487	210,122	-	27,000	419,609
Net pension liability	399,926	562,542	-	25,566	988,034
Leases Payable	140,795	324,864	-	-	465,659
Bonds/loan payable, net of unamortized discounts		41,142,665	-	-	41,142,665
Total non-current liabilities	723,208	42,240,193	-	52,566	43,015,967
Total liabilities	1,305,342	45,320,522	297,630	122,533	47,046,027
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	186,228	244,165	-	11,083	441,476
NET POSITION					
Net investment in capital assets	65,027,014	77,864,542	-	21,377,674	164,269,230
Unrestricted	10,367,694	22,439,253	1,698,193	1,932,135	36,437,275
Total net position	\$ 75,394,708	\$ 100,303,795	\$ 1,698,193	\$ 23,309,809	\$ 200,706,505

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, 2019

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total
OPERATING REVENUES					
Services	\$ 6,584,121	\$ 11,130,578	\$ 4,295,509	\$ 2,597,209	\$ 24,607,417
OPERATING EXPENSES					
Administration	2,323,893	841,749	-	114,768	3,280,410
Maintenance	-	-	-	361,655	361,655
Pumping	1,011,200	-	-	-	1,011,200
Treatment	30,168	3,198,746	-	-	3,228,914
Collection	-	782,984	-	-	782,984
Transportation and distribution	161,881	-	-	-	161,881
Supplies	55,736	-	-	36,246	91,982
Contracted services	-	-	3,398,958	774,312	4,173,270
Depreciation	2,667,774	3,921,702	-	1,218,176	7,807,652
Bad debt	5,623	7,233	3,021	1,404	17,281
Net pension expense (revenue)	148,033	40,290	-	8,939	197,262
Total operating expenses	6,404,308	8,792,704	3,401,979	2,515,500	21,114,491
Operating (loss) income	179,813	2,337,874	893,530	81,709	3,492,926
NONOPERATING REVENUES (EXPENSES)					
Capitalization fees	1,023,809	1,630,138	-	-	2,653,947
Amortization	-	128,493	-	-	128,493
Investment income	247,075	452,977	35,990	35,327	771,369
Gain on sale of assets	38,567	76,910	-	20,000	135,477
Interest expense	(5,577)	(528,999)	-	-	(534,576)
Total non-operating revenues (expenses)	1,303,874	1,759,519	35,990	55,327	3,154,710
Income before contributions and transfers	1,483,687	4,097,393	929,520	137,036	6,647,636
Capital contributions	645,371	596,674	-	9,051,318	10,293,363
Operating transfers in	-	-	-	154,050	154,050
Operating transfers out	(577,000)	(745,394)	(860,723)	(314,779)	(2,497,896)
Change in net position	1,552,058	3,948,673	68,797	9,027,625	14,597,153
Total net position - beginning	73,842,650	96,355,122	1,629,396	14,282,184	186,109,352
Total net position - ending	\$ 75,394,708	\$ 100,303,795	\$ 1,698,193	\$ 23,309,809	\$ 200,706,505

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, 2019

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 6,626,246	\$ 10,908,589	\$ 4,291,185	\$ 2,445,103	\$ 24,271,123
Payments to suppliers	(1,394,863)	(1,608,927)	(3,388,236)	(1,410,591)	(7,802,617)
Payments to employees	(2,059,135)	(2,649,776)	-	116,250	(4,592,661)
Net cash provided by operating activities	<u>3,172,248</u>	<u>6,649,886</u>	<u>902,949</u>	<u>1,150,762</u>	<u>11,875,845</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	-	-	-	154,050	154,050
Operating transfers out	(577,000)	(745,394)	(860,723)	(314,779)	(2,497,897)
Net cash (used) by noncapital financing activities	<u>(577,000)</u>	<u>(745,394)</u>	<u>(860,723)</u>	<u>(160,729)</u>	<u>(2,343,846)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond payments	-	(1,659,049)	-	-	(1,659,049)
Capital lease payments	(131,509)	(273,893)	-	-	(405,402)
New debt issuance	-	3,120,314	-	-	3,120,314
Interest paid	(221)	(520,871)	-	-	(521,092)
Capital asset purchases	(2,791,130)	(5,272,112)	-	(926,889)	(8,990,131)
Capitalization Fees	1,023,809	1,630,138	-	-	2,653,947
Contributions	-	-	-	-	-
Proceeds from the sale of assets	116,027	231,835	-	20,000	367,862
Net cash (used) by financing activities	<u>(1,783,024)</u>	<u>(2,743,638)</u>	<u>-</u>	<u>(906,889)</u>	<u>(5,433,551)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	247,075	452,977	35,990	35,327	771,369
Net cash provided by investing activities	<u>247,075</u>	<u>452,977</u>	<u>35,990</u>	<u>35,327</u>	<u>771,369</u>
Net (decrease) increase in cash and cash equivalents	1,059,299	3,613,831	78,216	118,471	4,869,818
Cash and cash equivalents, beginning of year	9,248,675	10,892,627	1,524,763	1,438,895	23,104,960
Cash and cash equivalents, end of year	<u>\$ 10,307,974</u>	<u>\$ 14,506,458</u>	<u>\$ 1,602,979</u>	<u>\$ 1,557,366</u>	<u>\$ 27,974,777</u>

Reconciliation of operating income to net cash

provided by operating activities:					
Operating (loss) income	\$ 179,813	\$ 2,337,874	\$ 893,530	\$ 81,709	\$ 3,492,926
Adjustments to reconcile operating (loss) income to net cash provided by (used for) operating activities:					
Depreciation expense	2,667,774	3,921,702	-	1,218,176	7,807,653
(Gain) loss on sale of capital assets	-	-	-	-	-
(Increase) decrease in accounts receivable	37,841	(89,989)	(4,324)	(152,106)	(208,579)
(Increase) decrease in due from special assessment receivable	4,284	-	-	-	4,284
(Increase) decrease in due from other funds	-	(132,000)	-	-	(132,000)
(Increase) decrease in prepaid expenses	-	1,548	-	-	1,548
(Increase) decrease in deferred outflows of resources	38,088	50,878	-	2,300	91,266
Increase (decrease) in accounts payable	263,165	641,837	13,743	1,501	920,246
Increase (decrease) in due to other funds	-	-	-	-	-
Increase (decrease) in compensated absences	19,754	(30,573)	-	1,507	(9,312)
Increase (decrease) increase in net pension liability	(139,557)	(186,422)	-	(8,430)	(334,409)
Increase (decrease) increase in deferred inflows of resources	101,086	135,031	-	6,105	242,222
Net cash provided by operating activities	<u>\$ 3,172,248</u>	<u>\$ 6,649,886</u>	<u>\$ 902,949</u>	<u>\$ 1,150,762</u>	<u>\$ 11,875,845</u>

Non-cash capital and related financing activities:

\$645,371 of water lines were donated to the water fund by developers.
\$596,674 of sewer lines were donated to the wastewater fund by developers.
\$9,051,318 of property was donated by ignite cda

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, 2019

	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	\$ 127,627	\$ 1,691	\$ 379	\$ 279,995	\$ 224,885
Investments	818,879	-	-	-	-
Due from other government unit			-	-	-
Due from other funds		5			
Accounts receivable	-	-	-	28,904	258,157
Total assets	<u>\$ 946,506</u>	<u>\$ 1,696</u>	<u>\$ 379</u>	<u>\$ 308,899</u>	<u>\$ 483,042</u>
LIABILITIES					
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits held and due to others	-	-	379	308,899	483,042
Due to other government unit	-	1,696	-	-	-
Total liabilities	<u>-</u>	<u>1,696</u>	<u>379</u>	<u>308,899</u>	<u>483,042</u>
NET POSITION					
Held in trust for pension benefits	<u>\$ 946,506</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, 2019

	Police Retirement Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 74
	<u>74</u>
Investment earnings:	
Interest	23,146
Net decrease in the fair value of investments	34,205
Total investment earnings	<u>57,351</u>
Total additions	<u>57,425</u>
DEDUCTIONS	
Pension expense	175,259
Trust fees	3,988
Total deductions	<u>179,247</u>
Change in net position	(121,822)
Net position, beginning of year	<u>1,068,328</u>
Net position, end of year	<u><u>\$ 946,506</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, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

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

The Agency operates on the same fiscal year as the City. Complete financial statements of the Agency can be found at <http://www.ignitecda.org/resources/financials/> or obtained directly from:

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

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government reports the following major governmental funds:

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

The *capital projects fund* accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

The City's fiduciary fund financial statements are presented on pages 25 and 26.

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

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

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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 Comptroller.

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

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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, 2019, was amended by the amount of unscheduled revenues. The financial statements reflect the amended budget.

All appropriations lapse at the end of the fiscal year. Appropriation accounts remain open until October 31st for the payment of claims incurred against such appropriations prior to the close of the fiscal year. After October 31st, the appropriations, except for the incomplete improvements, become null and void. Any lawful claim presented after that day against any appropriation will be provided for in the ensuing budget. The City of Coeur d'Alene does not utilize encumbrance accounting.

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents, and Investments

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

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

Due To and From Other Funds

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

Inventory

The City had no significant inventories on September 30, 2019.

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, 2019

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, 2019

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 71% of all employees who have worked for the City for ten years or more.

The liability for vacation, comp time, and sick leave is recorded in the statement of net position for all governmental activities and business-type activities. In proprietary funds, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability. The City has implemented GASB Statement No. 16, "Accounting for Compensated Absences" which requires the accrual to include related payroll tax and retirement costs. At September 30, 2019, the total compensated absences payable by the City was \$4,355,679.

Compensated absences are reported as follows in the financial statements:

Governmental activities	\$ 3,908,885
Business-type activities	<u>446,794</u>
	<u>\$ 4,355,679</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, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued)

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

Fund Equity

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

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

Fund Balance Flow Assumptions

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

Net Position Flow Assumptions

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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 2018-19 fiscal year were as follows: library fund - .000376, general obligation bonds .000171, and general fund -.00442.

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, 2019

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 2019 included debt service fund LID #149 for (\$6,272), and street capital projects funds – Downtown Signal Improvements for (\$10,074), and Riverstone Mill Site for (\$7,815,500).

Estimates

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

New Accounting Standards

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

NOTE 2: CASH AND INVESTMENTS

General:

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

Custodial credit risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the City's deposits and investments may not be returned to it. The City does not have a deposit policy for custodial credit risk. The carrying amount of the City's deposits and investments is \$52,871,020 and the bank balance is \$54,181,472. As of September 30, 2019, 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, 2019

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Deposits and investments without exposure to custodial credit risk:

Deposits:

Amounts insured by FDIC	\$ 4,216,091
Amounts Collateralized	47,616,384
	<u>51,832,475</u>

Investments

Amount registered in the name of the City	2,201,614
Total deposits and investments without exposure to custodial credit risk	<u>\$ 54,034,089</u>

Deposits and investments with exposure to custodial credit risk:

Deposits:

Amounts uninsured	\$ 13,924
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Investments

Amount registered in the name of the City	133,459
Total deposits and investments without exposure to custodial credit risk	<u>\$ 147,383</u>

Total Deposits and Investments	<u><u>\$ 54,181,472</u></u>
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Cash and cash equivalents at September 30, 2019 consist of the following:

Deposits (checks in excess of deposits)	\$ 2,326,215
Cash on hand	2,125
Short-term certificates of deposit	724,681
Repurchase agreements	0
Idaho State Investment Pool	47,616,384
Total	<u><u>\$ 50,669,405</u></u>

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

Governmental activities	\$ 22,060,051
Business-type activities	27,974,777
Police retirement pension trust fund	127,627
Sales tax agency fund	1,691
Business improvement district agency fund	279,995
Homeless trust agency fund	379
Kootenai county solid waste agency fund	224,885
Total	<u><u>\$ 50,669,405</u></u>

Investments are presented in the Financial Statements as follows:

Governmental activities	\$ 1,382,735
Police retirement pension trust fund	818,879
Total	<u><u>\$ 2,201,614</u></u>

Total Cash and Investments	<u><u>\$ 52,871,019</u></u>
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Credit risk:

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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, 2019, the City had the following investments (and associated maturities) in its internal investment portfolio:

Investment	Cost	% of Total	Fair Value & Carrying Amount	Maturity			
				Less than 1 year	Less than 2 years	2-5 years	6-10 years
US Treasury Note	50,379	2%	49,966	49,966	-	-	-
Wells Fargo Company	102,245	5%	99,970	99,970	-	-	-
Federal Home Loan Bks	51,117	2%	50,003	50,003	-	-	-
Federal Farm Credit Bks	49,599	2%	49,931	49,931	-	-	-
Federal Home Loan Bks	98,790	5%	100,547	100,547	-	-	-
US Treasury Note	50,111	2%	50,123	50,123	-	-	-
US Treasury Note	100,238	5%	100,246	100,246	-	-	-
Toronto Dominion Bank	50,222	2%	50,311		50,311	-	-
Federal Farm Credit Bks	49,470	2%	49,918	-	49,917	-	-
Federal Home Loan Bks	49,829	2%	50,426	-	50,426	-	-
Bank of New York Mellon Corp	102,590	5%	100,766	-	100,766	-	-
US Treasury Note	50,295	2%	49,725	-	49,725	-	-
US Treasury Note	98,367	5%	100,809	-	100,809	-	-
Federal Home Loan Bks	100,162	5%	100,171	-		100,171	-
Federal Home Loan Bks	49,688	2%	50,086	-	-	50,086	-
United Health Group Inc	50,773	2%	50,957			50,957	
United Health Group Inc	50,685	2%	50,957			50,957	
Branch Banking Trust	50,105	2%	50,622	-	-	50,622	-
US Treasury Note	57,327	3%	56,111			56,111	
Branch Banking Trust	70,147	3%	70,871			70,871	
US Treasury Note	96,367	5%	100,918	-	-	100,918	-
Apple Inc	50,592	2%	51,137			51,137	
Federal Home Loan Bks	104,495	5%	101,881	-	-	101,881	-
Federal Home Loan Bks	49,792	2%	50,520	-	-	50,520	-
Oracle Corp	49,826	2%	50,744			50,744	-
Anheuser Busch Inbev Fin	45,676	2%	46,719	-	-	46,719	-
John Deere Capital Corp	49,244	2%	51,421	-	-	51,421	-
JPMorgan Chase Co	50,110	2%	50,638	-	-	50,638	-
Chevron Corporation	51,164	2%	51,050			51,050	-
Federal Home Loan Bks	51,072	2%	50,950	-	-	50,950	-
Covidien Intl Finance Sa	50,780	2%	51,628	-	-	51,628	-
Caterpillar Financial SE	101,734	5%	106,665	-		106,665	-
Federal Home Loan Bks	50,792	2%	52,272	-	-	52,272	-
Simon Property Group LP	50,932	2%	52,563			-	52,563
	<u>\$ 2,184,714</u>		<u>\$ 2,201,614</u>	<u>\$ 500,786</u>	<u>\$ 401,954</u>	<u>\$ 1,246,312</u>	<u>\$ 52,563</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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	507,897	200,335	150,534	157,029	-
U.S. Agencies	706,703	200,481	100,343	405,879	-
U.S. Corporations	885,076	99,970	100,766	631,777	52,563
Foreign Corporations	101,939	-	50,311	51,628	-
	<u>\$2,201,614</u>	<u>\$500,786</u>	<u>\$ 401,954</u>	<u>\$1,246,312</u>	<u>\$ 52,563</u>

Investments are presented in the Financial Statements as follows:

Governmental activities	\$ 1,382,735
Police retirement pension trust fund	<u>818,879</u>
Total	<u><u>\$2,201,614</u></u>

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

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

Fair value:

The securities registered in the City's name were purchased at a cost of \$2,184,714. The net gain of \$16,900 (the difference between cost and fair value) has been recognized in the financial statements as a net gain on investments. There was a current year gain of \$77,492 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 \$47,616,384. The City's portion of the State Investment Pool had an unrealized gain of \$161,347 as of September 30, 2019, 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, 2019

NOTE 3: ACCOUNTS RECEIVABLE

Governmental activities:

Accounts receivable consist of the following as of September 30, 2019:

Franchise and utility receivables	\$ 750,802
ICRMP Reimbursement	5,000
Kootenai Health for US 95 & Ironwood Intersection Project	61,948
Miscellaneous receivables	18,105
	<u>\$ 835,855</u>

Business-type activities:

Accounts receivable consist of the following as of September 30, 9:

Amounts due from customers	\$ 3,899,482
Less allowance for uncollectible accounts	(8,290)
	<u>\$ 3,891,192</u>

NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2019 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>\$ 290,108</u>
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Business-type activities:

Deferred principal amounts not currently due, but due at a future date	<u>\$ 18,715</u>
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Installment payments of principal and interest due from property owners are billed annually.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2019 is as follows:

Plant and equipment and accumulated depreciation are as follows:

	September 30, 2018	Additions	Deletions	Transfers	September 30, 2019
Governmental activities:					
Land	\$ 27,351,469	\$ 554,887	\$ -	\$ -	\$ 27,906,356
Construction in progress	6,426,877	830,075	-	(4,014,198)	3,242,754
Total capital assets, not being depreciated	<u>33,778,346</u>	<u>1,384,962</u>	<u>-</u>	<u>(4,014,198)</u>	<u>31,149,110</u>
 Buildings	 23,213,272	 31,973	 -	 242,801	 23,488,046
Other Improvements	15,873,979	543,045	-	945,333	17,362,357
Equipment	26,973,150	1,293,141	861,837	-	27,404,454
Infrastructure	132,651,396	72,150	-	2,826,064	135,549,610
	<u>198,711,797</u>	<u>1,940,309</u>	<u>861,837</u>	<u>4,014,198</u>	<u>203,804,467</u>
 Less: accumulated depreciation					
Buildings	9,384,543	668,914	-	-	10,053,457
Other Improvements	4,036,188	573,405	-	-	4,609,593
Equipment	16,695,020	1,461,211	629,452	-	17,526,779
Infrastructure	57,251,276	3,351,241	-	-	60,602,517
	<u>87,367,027</u>	<u>6,054,771</u>	<u>629,452</u>	<u>-</u>	<u>92,792,346</u>
Total capital assets being depreciated, net	<u>111,344,770</u>	<u>(4,114,462)</u>	<u>1,491,289</u>	<u>4,014,198</u>	<u>111,012,121</u>
Governmental activities capital assets net	<u>\$ 145,123,116</u>	<u>\$ (2,729,500)</u>	<u>\$ 1,491,289</u>	<u>\$ -</u>	<u>\$ 142,161,231</u>

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

Governmental activities:

General government	\$ 188,974
Public Works	3,793,273
Culture and Recreation	1,044,551
Public Safety	1,027,973
	<u>\$ 6,054,771</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 5: CAPITAL ASSETS (CONCLUDED)

	September 30, 2018	Additions	Deletions	Adjustments	September 30, 2019
Business-type activities:					
Land	\$ 2,088,042	\$ 2,092,408	\$ -	\$ -	\$ 4,180,450
Construction in progress	13,752,289	5,866,151	-	(2,138,710)	17,479,730
Total capital assets, not being depreciated'	<u>15,840,331</u>	<u>7,958,559</u>	<u>-</u>	<u>(2,138,710)</u>	<u>21,660,180</u>
 Reservoir	 6,292,490	 -	 -	 (1)	 6,292,489
Wells and booster stations	10,088,824	291,127	-	-	10,379,951
Distribution system	90,429,772	1,641,919	-	-	92,071,691
Collection	46,445,868	1,219,613	-	998,325	48,663,806
Plant	123,583,542	182,923	-	55,514	123,821,979
Street lights	790,986	-	-	-	790,986
Equipment	11,727,471	1,185,941	698,488	-	12,214,924
Improvements	17,041,490	7,360,227	-	1,084,871	25,486,588
	<u>306,400,443</u>	<u>11,881,750</u>	<u>698,488</u>	<u>2,138,709</u>	<u>319,722,414</u>
 Less: accumulated depreciation					
Reservoir	4,435,378	274,218	-	-	4,709,596
Wells and booster stations	4,667,129	190,866	-	-	4,857,995
Distribution system	38,469,929	1,913,113	-	-	40,383,042
Collection	13,398,709	821,401	-	-	14,220,110
Plant	52,166,014	2,888,696	-	-	55,054,710
Street lights	678,571	25,829	-	-	704,400
Equipment	6,757,723	667,036	466,103	-	6,958,656
Improvements	6,327,917	1,026,493	-	-	7,354,410
	<u>126,901,370</u>	<u>7,807,652</u>	<u>466,103</u>	<u>-</u>	<u>134,242,919</u>
Total capital assets being depreciated, net	<u>179,499,073</u>	<u>4,074,098</u>	<u>232,385</u>	<u>2,138,709</u>	<u>185,479,495</u>
Business-type activities capital assets net	<u>\$ 195,339,404</u>	<u>\$ 12,032,657</u>	<u>\$ 232,385</u>	<u>\$ (1)</u>	<u>\$ 207,139,675</u>

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

Business-type activities:	
Water	\$ 2,667,774
Wastewater	3,921,702
Street Lighting	25,828
Drainage	313,076
Public Parking	879,272
	<u>\$ 7,807,652</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 6: CHANGES IN LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2019	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 5,669,887		\$ 760,698	\$ 4,909,189	\$ 778,293
Deferred amounts:					
For issuance premium	54,125	-	7,731	46,394	-
Total bonds payable	5,724,012	-	768,429	4,955,583	778,293
Capital leases	521,484	607,396	433,125	695,755	192,799
Compensated absences	3,652,626	256,259		3,908,885	207,600
Governmental activities Long-term liabilities	<u>\$ 9,898,122</u>	<u>\$ 863,655</u>	<u>\$ 1,201,554</u>	<u>\$ 9,560,223</u>	<u>\$ 1,178,692</u>
Business-type activities:					
Revenue bonds payable	\$23,827,790		\$ 1,659,049	\$22,168,741	\$1,694,164
Deferred amounts:					
For issuance premium	1,156,441		128,494	1,027,947	
Total bonds payable	24,984,231	-	1,787,543	23,196,688	1,694,164
Capital Leases	347,862	556,814	405,401	499,275	33,615
State loan payable	16,519,826	3,120,314		19,640,140	-
Compensated absences	456,106		9,312	446,794	27,185
Business-type activities Long-term liabilities	<u>\$42,308,025</u>	<u>\$ 3,677,128</u>	<u>\$ 2,202,256</u>	<u>\$ 43,782,897</u>	<u>\$ 1,754,964</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, 2019, 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, 2019

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2012D Sewer Revenue Refunding Bonds	2020	4.00%	\$ 705,000	\$ 298,300	\$ 1,003,300
	2021	4.00%	735,000	270,100	1,005,100
	2022	4.00%	765,000	240,700	1,005,700
	2023	3.00%	790,000	217,750	1,007,750
	2024	5.00%	825,000	178,250	1,003,250
	2025	5.00%	870,000	137,000	1,007,000
	2026	5.00%	910,000	93,500	1,003,500
	2027	5.00%	960,000	48,000	1,008,000
Total 2012D Sewer Revenue Refunding Bonds			<u>\$6,560,000</u>	<u>\$1,483,600</u>	<u>\$8,043,600</u>

On December 15, 2009, the City entered into a loan agreement with the State of Idaho, Department of Environmental Quality for an amount not to exceed \$13,000,000 at a .5% interest rate to be repaid in biannual installments over 20 years. The State of Idaho is authorized by Title 39, Chapter 36, Idaho Code, to make loans from the Wastewater Treatment Facility Loan Account to assist municipalities in the construction of wastewater treatment facilities. The loan to the City of Coeur d'Alene is for a wastewater treatment plant upgrade. The upgrade is being driven by the necessity to meet changing National Pollutant Discharge Elimination System discharge limits. The upgrade will add a new sludge digester, a digester control building, a digester handling building, an administration/lab building and a maintenance shop building. On March 13, 2013, this loan was closed out and converted to Sewer Revenue Bond, Series 2013, with a principal amount owing of \$12,257,859. The City pledges income derived on the acquired or constructed assets to pay debt service.

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2013 Sewer Revenue Bonds	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>\$8,407,727</u>	<u>\$297,626</u>	<u>\$8,705,353</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

On May 30, 2013, the City entered into a loan agreement with the State of Idaho, Department of Environmental Quality for an amount not to exceed \$8,670,367 at a 2% interest rate to be repaid in biannual installments over 20 years. The State of Idaho is authorized by Title 30, Chapter 36, Idaho Code, to make loans from the Wastewater Treatment Facility Loan Account to assist municipalities in the construction of wastewater treatment facilities. The loan to the City of Coeur d'Alene is for a new membrane filtration equipment building. The upgrade will add new mixing aeration and membrane tanks, new secondary effluent transfer pumping station, modifications to chemical systems center and installation of owner-purchased submerged membrane filtration system. On July 30, 2015, this loan was closed out and converted to Sewer Revenue Bond, Series 2015, with a principal amount owing of \$8,670,367. The City pledges income derived on the acquired or constructed assets to pay debt service.

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
2015 Sewer Revenue Bonds	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>\$7,201,014</u>	<u>\$1,250,534</u>	<u>\$8,451,548</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

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

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015A Public Safety Bonds:	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>\$3,813,253</u>	<u>\$278,226</u>	<u>\$4,091,479</u>

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2015B Public Safety Bonds:	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>\$1,095,936</u>	<u>\$79,898</u>	<u>\$1,175,834</u>
Total General Obligation Bonds			<u>\$4,909,189</u>	<u>\$358,124</u>	<u>\$5,267,313</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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Capital Leases – The City of Coeur d'Alene entered into a master-lease purchase agreement with John Deere Financial on November 25, 2013 for the purchase of six loaders and a snow blower. The City chose not to make the final balloon payment on this lease and returned the loaders to John Deere in fiscal year 2018-19 removing the liability to the City.

An additional lease was entered into on December 31, 2014 for the purchase of a grader. The total purchase price for the grader was \$238,075. Annual payments of \$20,591 were due December 31st of each year for five years beginning on December 31, 2014. A balloon payment of \$156,700 was due on December 31, 2019 which the City also chose not to make and instead returned the grader to John Deere in fiscal year 2019-20.

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

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

Capital leases payable from governmental activities at September 30, 2019 consist of the following:

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

<u>Issue</u>	<u>FY End 30-Sep</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Fund - Caterpillar Financial Lease for 2018 Grader	2020	2.3%	\$ 156,399	\$ 898	\$ 157,297

<u>Issue</u>	<u>FY End 30-Sep</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Fund - Caterpillar Financial	2020	5.35%	36,400	28,853	65,253
Lease for three 2018 Wheel Loaders	2021		38,347	26,906	65,253
	2022		40,399	24,854	65,253
	2023		42,560	22,693	65,253
	2024		381,650	20,417	402,067
			<u>539,356</u>	<u>123,723</u>	<u>663,079</u>
			<u>\$ 695,755</u>	<u>\$ 124,621</u>	<u>\$ 820,376</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

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

Year ending September 30	Governmental Activities
2020	\$ 222,550
2021	65,253
2022	65,253
2023	65,253
2024	402,067
Total minimum lease payments	820,376
Less: amount representing interest	(124,621)
Present value of minimum lease payments	<u>\$ 695,755</u>

Capital leases payable from business-type activities at September 30, 2019 consist of the following issues:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
Wastewater Fund - John Deere Financial Lease for a 2018 Wheel Loader	2020	5.35%	\$ 11,786	\$ 9,588	\$ 21,374
	2021		12,417	8,957	21,374
	2022		13,081	8,293	21,374
	2023		13,781	7,593	21,374
	2024		128,144	6,856	135,000
			<u>179,209</u>	<u>41,287</u>	<u>220,496</u>
Wastewater Fund - Caterpillar Financial Lease for 2018 Wheel Loaders	2020	5.35%	11,639	9,046	20,685
	2021		12,262	8,423	20,685
	2022		12,918	7,767	20,685
	2023		13,609	7,076	20,685
	2024		118,652	6,348	125,000
			<u>169,080</u>	<u>38,660</u>	<u>207,740</u>
Water Fund - John Deere Financial Lease for a 2018 Wheel Loader	2020	5.35%	10,190	8,077	18,267
	2021		10,735	7,532	18,267
	2022		11,309	6,958	18,267
	2023		11,914	6,353	18,267
	2024		106,838	5,715	112,553
			<u>150,986</u>	<u>34,635</u>	<u>185,621</u>
			<u>\$ 499,275</u>	<u>\$ 114,582</u>	<u>\$ 613,857</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 7: BONDS AND LEASES PAYABLE (CONCLUDED)

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

<u>Year ending September 30</u>	<u>Business-type Activities</u>
2020	\$ 60,326
2021	60,326
2022	60,326
2023	60,326
2024	372,553
Total minimum lease payments	613,857
Less: amount representing interest	(114,582)
Present value of minimum lease payments	<u>\$ 499,275</u>

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

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Total (Memo Only)</u>
Unknown	\$ -	\$ -	\$ 3,908,885	\$ 3,908,885
2020	778,293	192,799	-	971,092
2021	791,598	38,347	-	829,945
2022	809,951	40,399	-	850,350
2023	828,230	42,560	-	870,790
2024	841,434	381,650	-	1,223,084
Thereafter	859,683	-	-	859,683
	4,909,189	695,755	3,908,885	9,513,829
Plus issuance premium- net	46,394	-	-	46,394
	<u>\$ 4,955,583</u>	<u>\$ 695,755</u>	<u>\$ 3,908,885</u>	<u>\$ 9,560,223</u>

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

<u>Year</u>	<u>Wastewater 2015 Revenue Bonds</u>	<u>Wastewater 2012D Revenue Bonds</u>	<u>Wastewater 2013 Revenue Bonds</u>	<u>State Loan Payable</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Total (Memo Only)</u>
Unknown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446,794	\$ 446,794
2020	385,717	705,000	603,447	-	33,615	-	1,727,779
2021	393,854	735,000	606,583	-	35,414	-	1,770,851
2022	401,770	765,000	609,620	-	37,308	-	1,813,698
2023	409,846	790,000	612,672	-	39,304	-	1,851,822
2024	417,788	825,000	615,657	-	353,634	-	2,212,079
Thereafter	5,192,039	2,740,000	5,359,748	19,640,140	-	-	32,931,927
	7,201,014	6,560,000	8,407,727	19,640,140	499,275	446,794	42,754,950
Plus issuance premium- net	1,027,947	-	-	-	-	-	1,027,947
	<u>\$ 8,228,961</u>	<u>\$ 6,560,000</u>	<u>\$ 8,407,727</u>	<u>\$ 19,640,140</u>	<u>\$ 499,275</u>	<u>\$ 446,794</u>	<u>\$ 43,782,897</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 9.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 8: INTEFUND TRANSACTIONS

Due to/from other funds as of 2019:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Non-major governmental funds	\$ 290,108
Wastewater fund	General fund	1,116,500
Wastewater fund	Capital project fund	7,815,500
		<u>\$ 9,222,108</u>

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

The interfund receivable between wastewater and the general fund and between wastewater and the capital projects fund – Atlas Waterfront Site commenced when the City began the process of buying 47 acres of property along and near the Spokane River. The parcel is parallel to Seltice Way and has ingress at Seltice Way and Atlas Road. The general fund is accruing interest on this receivable on a quarterly basis at 1.5%. The projected payback period is approximately nine years with payments projected to come from ignite, the City's urban renewal district, as tax increment on the property becomes available.

Interfund transfers as of 2019:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,713,755	\$ 263,493
Capital projects fund	307,678	-
Non major governmental funds	324,838	738,932
Water fund	-	577,000
Wastewater fund	-	745,394
Sanitation fund	-	860,723
Non major enterprise funds	154,050	314,779
	<u>\$ 3,500,321</u>	<u>\$ 3,500,321</u>

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 9: INSURANCE

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

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

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

Health Insurance

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

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

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, 2019, 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, 2019

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	\$ 25,005,730
Capital assets	120,724,796
Total assets	<u>145,730,526</u>
Deferred outflows of resources:	<u>137,956</u>
Liabilities:	
Current liabilities	3,080,329
Noncurrent liabilities	42,240,193
Total liabilities	<u>45,320,522</u>
Deferred inflows of resources:	<u>244,165</u>
Net position:	
Net investment in capital assets	77,864,542
Unrestricted	22,439,253
Total net position	<u>\$ 100,303,795</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONCLUDED)

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

	Wastewater Funds
Charges for services	\$ 11,130,578
Depreciation expense	(3,921,702)
Other operating expenses	(4,830,712)
Net pension expense (revenue)	(40,290)
Operating income	<u>2,337,874</u>
Non-operating revenues (expenses):	
Capitalization fees	1,630,138
Investment earnings	452,977
Interest expense	(528,999)
Amortization	128,493
Gain on sale of assets	76,910
Capital contributions	596,674
Operating transfer out	<u>(745,394)</u>
Change in net position	3,948,673
Beginning net position	<u>96,355,122</u>
Ending net position	<u>\$ 100,303,795</u>

CONDENSED STATEMENT OF CASH FLOWS

	Wastewater Funds
Net cash provided (used) by:	
Operating activities	\$ 6,649,886
Noncapital financing activities	(745,394)
Capital and related financing activities	(2,743,638)
Investing activities	<u>452,977</u>
Net increase (decrease)	3,613,831
Beginning cash and cash equivalents	<u>10,892,627</u>
Ending cash and cash equivalents	<u>\$ 14,506,458</u>

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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, 2019

NOTE 12: FUND BALANCE CLASSIFICATIONS (CONTINUED)

General Fund

Restricted

KCJA drug task force	\$ 28,200
Coeur d'Alene Lake Drive - funds from Idaho Department of Transportation	840,000
Bellerive subdivision agreement	23,046
	<u>\$ 891,246</u>

Committed

Employee Benefit Trust Contribution	\$ 1,400,000
East Sherman Property Purchase	302,998
Sick leave option 2	282,545
	<u>\$ 1,985,543</u>

Assigned

Recreation department reserve	20,113
Sunset Field Lights	4,550
	<u>\$ 24,663</u>

Other Governmental Funds

Restricted

Special revenue funds - Impact fees	\$ 3,538,125
Special revenue funds - Jewett House	27,023
Debt Service funds - General Obligation Bonds	82,050
	<u>\$ 3,647,198</u>

Committed

Special revenue funds - Library	\$ 226,541
Special revenue funds - Cemetery	92,980
Special revenue funds - Parks capital improvements	1,864,827
Special revenue funds - Cemetery perpetual care	1,406,602
Special revenue funds - Reforestation	220,986
Special revenue funds - Public art	714,492
	<u>\$ 4,526,428</u>

Assigned

Special revenue funds - Annexation fees	<u>\$ 192,783</u>
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NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2019, it was 6.79% for general employees and 8.36% for police and firefighters. Beginning July 1, 2019, it was 7.16% for general employees and 8.77% for police and firefighters. The employer contribution as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters, as of June 30, 2019 and 11.94% for general employees and 12.28% for police and firefighters beginning July 1, 2019. The City's contributions were \$3,322,006 for the year ended September 30, 2019.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN

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

At September 30, 2019, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 30, 2019, 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, 2019, the City's proportion was .7627450 percent.

For the year ended September 30, 2019, the City recognized pension expense of \$2,993,584. At September 30, 2019, 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	\$ 809,137	\$ 1,026,107
Changes in assumptions or other inputs	484,306	-
Net difference between projected and actual earnings on pension plan investments	-	2,966,060
Changes in the City's proportion and differences between the City's contributions and the City's proportionate contributions	156,418	239,965
City's contributions subsequent to the measurement date	761,670	-
Total	<u>\$ 2,211,531</u>	<u>\$ 4,232,132</u>

\$761,670 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, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2018 is 4.8 years and 4.8 years for the measurement period June 30, 2019.

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

Year ended June 30:	
2020	(309,636)
2021	(1,359,182)
2022	(678,810)
2023	(434,648)

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

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 July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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, 2017.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

Actuarial Assumptions (continued)

Asset Class		Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	Barclays Aggregate	30.00%	3.05%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.30%	6.05%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.45%	6.20%
Assumed Inflation - Mean			2.25%	2.25%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.75%	4.50%
Portfolio Standard Deviation			12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.13%	3.77%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.19%
Portfolio Standard Deviation				14.16%
Valuation Assumptions Chosen by PERSI Board				
Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.05%
Assumed Inflation				3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses				7.05%

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

PERSI BASE PLAN (continued)

Discount Rate

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

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
City's proportionate share of the net pension liability (asset)			
Total Plan	\$ 26,297,051	\$ 8,706,522	\$ (5,840,284)

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.

Payables to the pension plan

At September 30, 2019, the City reported payables to the defined benefit pension plan of \$98,003 for which legally required employer contributions and \$63,175 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

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.

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, 2019, the total FRF employer contribution rate was 25.93% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters' rate of 12.28%. The FRF member rate for the year for class B is 11.45% which is 3.00% above the class 2 rate of 8.81%. The City's contributions were \$310,170 for the year ended September 30, 2019.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN

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

At September 30, 2019, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, 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 June 30, 2019, the City's proportion was 7.7156241 percent.

For the year ended September 30, 2019, the City recognized pension expense (revenue) of (\$1,829,462). At September 30, 2019, 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	\$ -	\$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	740,070
Changes in the City's proportion and differences between the City's contributions and the City's proportionate contributions	-	-
District's contributions subsequent to the measurement date	72,725	-
Total	<u>\$ 72,725</u>	<u>\$ 740,070</u>

\$72,725 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending September 30, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2019 is 1 year and 1 year for the measurement period June 30, 2018.

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

Year ended June 30:	
2020	(111,744)
2021	(413,213)
2022	(145,204)
2023	(69,910)
2024	-
	<u>(740,070)</u>

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION 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. 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

PERSI FRF PENSION PLAN (continued)

Discount Rate

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

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

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

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
District's proportionate share of the net pension liability (asset)			
Total Plan	\$ (8,958,542)	\$ (11,091,489)	\$ (12,912,456)

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.

At September 30, 2019, the City reported payables to the defined benefit pension plan of \$40,705 for which legally required employer contributions and \$20,753 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

POLICE RETIREMENT FUND

Single-Employer Defined Benefit Pension Plan

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

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

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

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

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

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

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

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

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

At September 30, 2019, the City reported a net pension liability of \$1,142,378 for the police retirement trust fund. The City recognized \$175,260 of pension expense related to the police retirement pension plan.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

POLICE RETIREMENT FUND (CONTINUED)

At September 30, 2019, 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
Difference between expected and actual experience	\$ 231,985	\$ 84,780
Changes in assumptions	430,072	-
Net difference between projected and actual earnings on pension plan investments	68,164	15,230
	<u>\$ 730,221</u>	<u>\$ 100,010</u>

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

Year Ended September 30,	Amount
2020	\$ 107,266
2021	99,518
2022	87,380
2023	75,334
2024	79,141
2025	79,141
2026	79,141
2027	23,288

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

Funding Policy: The funding policy and cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Board of police retirement fund Commissioners. The costs of administering the plan are financed by investment earnings. The City's latest actuarial valuation was dated September 30, 2019. The City's contributions to the fund are set to amortize the fund's benefit liabilities over the period ending September 30, 2027. This represents a 30-year amortization of the fund's unfunded actuarial liability. The actuary recommends a minimum yearly contribution of \$152,000 to adequately satisfy future expected cash flow requirements. The fund's asset balance is not expected to decrease for at least the next ten years. These calculations are based on the actuarial assumptions, including annual post-retirement benefits increases of 0% and investment returns of 3.5%. Any adverse future experience of the fund will require an increase in the minimum recommended contribution of \$152,000.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 13: PENSION PLANS (CONTINUED)

POLICE RETIREMENT FUND (CONTINUED)

Single-Employer Defined Benefit Pension Plan (continued)

There are no long-term contracts for contributions to the plan or any legally required reserves. Investments at year end included cash equivalents of \$127,627 and U.S. Government issues of \$818,879. The actuarial value of assets is fair market value.

Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 3.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.0%) or 1-percentage-point higher (4.0%) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Net pension liability (asset)	1,388,944	1,142,378	944,623

Changes in the Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/18	\$ 1,981,905	\$ 1,068,328	\$ 913,577
Changes for the year:			
Interest cost	66,401	-	66,401
Experience (gain) loss	111,764	-	111,764
Changes of assumptions	104,074	0	104,074
Employer contributions		74	(74)
Net investment income		57,352	(57,352)
Benefit payments	(175,260)	(175,260)	-
Administrative Expenses		(3,988)	3,988
Net changes	106,979	(121,822)	228,801
Balances at 9/30/19	<u>\$ 2,088,884</u>	<u>\$ 946,506</u>	<u>\$ 1,142,378</u>

Actuarial Assumptions

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

City of Coeur d'Alene

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019**

NOTE 13: PENSION PLANS (CONTINUED)

POLICE RETIREMENT FUND (CONTINUED)

Single-Employer Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

The actuarial assumptions were changed as of September 30, 201 to better reflect past and projected future experience of the plan. As required under accounting standards, the mortality table was updated along with implementing and improvement rate. This resulted in a significant actuarial loss.

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

- Long-Term Rate of Return: 3.08%
- 20-Year AAA Municipal Bond Rate: 3.50%
- Return on Assets: 3.50%
- Discount Rate - Pre- and post-retirement interest rates were assumed at 3.00% per year.
- Cost of Living Adjustments - Benefits has been assumed to increase at 0% per year.
- Expenses - No assumption of asset expenses were made.
- Mortality Rates – RP2014 Mortality with 2018 Improvement Rates.
- Turnover Rates - T2 Turnover Table.
- Disability Rates - None assumed.
- Early Retirement Rates – None assumed.
- Actuarial Value of Assets - Same as market value of assets.

Schedule of Amortizations

	Year	Experience (Gain)/Loss	Recognized Period	Amortized Amount	Amortization Balance	Deferred Outflows	Deferred Inflows
Experience (Gain)/Loss	2019	111,764	9	12,418	99,346	99,346	-
	2018	(63,527)	10	(6,353)	(50,822)	-	(50,822)
	2017	(56,597)	10	(5,660)	(39,618)	-	(33,958)
	2016	208,433	11	18,948	132,639	132,639	-
Assumption (Gain)/Loss	2019	104,074	9	11,564	92,510	92,510	-
	2018	-	10	-	-	-	-
	2017	39,502	10	3,950	27,651	27,651	-
	2016	487,003	11	44,273	309,911	309,911	-
Asset (Gain)/Loss	2019	(19,038)	5	(3,808)	(15,230)	-	(15,230)
	2018	60,233	5	12,047	36,140	36,140	-
	2017	60,691	5	12,138	24,276	24,276	-
	2016	38,739	5	7,748	7,748	7,748	-
	2015	37,173	5	7,435	-	-	-

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 14: SPECIAL ITEMS

During fiscal year ending September 30, 2019, the City had the following transactions with ignite cda, which qualify as and are presented as special items in the accompanying statement of activities.

Donation of Downtown Parking Structure from ignite:

During the fiscal year 2019, ignite began construction of a downtown parking structure with the intent of gifting the structure to the City of Coeur d'Alene upon completion. Upon completion in fiscal year 2019, the Agency transferred the asset, which included both the underlying land and costs of construction via quitclaim deed to the City. In accordance with generally accepted accounting principles, as applicable to local governments, ignite recorded the disposition of the carrying value of the land and parking structure of \$9,051,318 as a donation (special item expense). The City recorded that land and parking structure as a donation (special item revenue) from ignite for the same dollar amount in the accompanying statement of activities.

Donation of Young Avenue Properties from ignite:

During fiscal year 2019, ignite gifted certain properties located on Young Avenue to the City of Coeur d'Alene for the purpose of relocating the Museum of North Idaho. Upon completion in accordance with generally accepted accounting principles, as applicable to local governments, ignite has recorded the disposition of the carrying value of the properties of \$479,887 as a donation (special item expense). The City recorded the land as a donation (special item revenue) from ignite for the same dollar amount in the accompanying statement of activities.

NOTE 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 failure of a financial institution, the Agency's deposits and investments may not be returned to it. The Agency does not have a deposit policy for custodial credit risk, but has charged management with ensuring the Agency's exposure to custodial credit risk is minimal. The carrying amount of the Agency's deposits is \$8,356,860 and the bank balance is \$8,357,635. As of 9, the Agency's bank balance was not exposed to custodial credit risk. Details are as follows:

Amounts insured by the FDIC and or collateralized with securities: \$8,357,635

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

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

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 15: COMPONENT UNIT DISCLOSURES (CONTINUED)

Capital Assets

Activity for ignite cda's capital assets for the fiscal year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,080,527	\$ -	\$ 717,713	\$ 1,362,814
Construction in Progress	7,113,516	857,234	7,970,750	-
Total Capital assets not being depreciated	<u>9,194,043</u>	<u>857,234</u>	<u>8,688,463</u>	<u>\$ 1,362,814.0</u>
Capital assets being depreciated:				
Buildings and sites	2,428,758		2,168,758	260,000
Total capital assets being depreciated	<u>2,428,758</u>	<u>-</u>	<u>2,168,758</u>	<u>260,000</u>
Less accumulated depreciation for:				
Buildings and sites	486,408	7,513	464,591	29,330
Total accumulated depreciation	<u>486,408</u>	<u>7,513</u>	<u>464,591</u>	<u>29,330</u>
Total capital assets being depreciated, net	<u>1,942,350</u>	<u>(7,513)</u>	<u>1,704,167</u>	<u>230,670</u>
Governmental activities capital assets, net	<u>\$ 11,136,393</u>	<u>\$ 849,721</u>	<u>\$ 10,392,630</u>	<u>\$ 1,593,484</u>

Depreciation expense of \$7,513 for the year ending September 30, 2019 was charged to the property rental function.

Bond Payable – Washington Trust (2016 Series):

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

The Agency refunded the note during the 2016 fiscal year and closed on November 2016. The bank has agreed to reduce the required reserve amount for this debt obligation down to 10% of the principal balance. The new Series 2016 Note has a principal of \$8,763,375 with a 1.25% interest rate and a term ending in 2021. As of September 30, 2019, the remaining principal balance was \$3,594,077.

The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2020	1.25%	1,774,601	39,804	1,814,405
2021	1.25%	1,819,476	17,148	1,836,624
		<u>3,594,077</u>	<u>56,952</u>	<u>3,651,029</u>

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 15: COMPONENT UNIT DISCLOSURES (CONTINUED)

Bond Payable – Washington Trust (2017 Series):

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

For the first three years of the Note, the District may draw on the available funds, not to exceed the \$10,000,000 original principal balance of the Note. Total draws on the Note are limited to the principal balance of \$6,000,000 until the District sells real property located within the Lake District's boundaries in the aggregate amount of \$1,300,000, which occurred during fiscal year 2018.

The Agency is required to maintain an otherwise unrestricted Cash on Hand balance, as adjusted annually to an amount equal to 10% of the outstanding principal balance plus any unfunded balance of the note. Payments on the Note are due in semi-annual installments based on the aggregate principal amount drawn, plus accrued interest, pursuant to an amortization schedule. The Bond is secured by the District's pledge of the tax increment revenue allocation proceeds, subject to prior liens as described in the Note Purchase and Security Agreement. As of September 30, 2019, the outstanding principal balance was \$5,551,333.

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

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2020	1.25%	1,850,444	114,214	1,964,658
2021	1.25%	1,850,444	72,316	1,922,760
2022	1.25%	1,850,445	31,041	1,881,486
		<u>5,551,333</u>	<u>217,571</u>	<u>5,768,904</u>

Bond Payable – Washington Trust (2019 Series)

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

Payments on the Note are due in semi-annual installments based on the aggregate principal amount drawn, plus accrued interest, pursuant to an amortization schedule. The first amortized payment is payable on the first February or August 1 following draws totaling \$1,000,000. AS of September 30, 2019, the District has drawn a total of \$57,000 on the Note. Accordingly, a schedule of future payments for the Note has not been presented, as the amounts and timing of the District's remaining draws are still unknown. The Bond is secured by the District's pledge of the tax increment revenue allocation proceeds, subject to prior liens as described in the Note Purchase and Security Agreement.

City of Coeur d'Alene

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE 15: COMPONENT UNIT DISCLOSURES (CONTINUED)

The following is a summary of debt activity for the year ended September 30, 2019:

	Beginning Balance	Principal Additions	Principal Payments	Ending Balance	Due in One Year
Bond Payable- Washington Trust 2019 Series		\$ 57,000		\$ 57,000	-
Bond Payable- Washington Trust 2017 Series	\$ 5,098,778	2,206,500	\$ 1,753,945	5,551,333	\$ 1,850,444
Bond Payable- Washington Trust 2016 Series	5,346,242	-	1,752,165	3,594,077	1,774,601
	<u>\$ 10,445,020</u>	<u>\$ 2,263,500</u>	<u>\$ 3,506,110</u>	<u>\$ 9,202,410</u>	<u>\$ 3,625,045</u>

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

City of Coeur d'Alene, Idaho

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

For the Year Ended September 30, 2019

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 20,156,067	\$ 20,156,067	\$ 20,248,856	\$ 92,789
Licenses and permits	5,637,400	5,416,900	5,435,868	18,968
Intergovernmental	10,713,338	11,310,339	11,379,765	69,426
Charges for services	350,550	337,550	328,149	(9,401)
Fines and forfeits	496,600	486,800	409,912	(76,888)
Investment (loss) earnings	100,000	290,000	320,716	30,716
Miscellaneous	75,000	89,000	81,854	(7,146)
Total revenues	37,528,955	38,086,656	38,205,120	118,464
EXPENDITURES				
Current:				
General government	6,941,424	6,973,612	6,625,738	347,874
Public safety	24,760,051	25,024,240	24,186,722	837,518
Public works	5,611,229	5,832,748	5,471,417	361,331
Culture and recreation	2,878,995	2,878,995	2,810,549	68,446
Capital outlay	537,435	1,608,770	1,148,635	460,135
Debt service:				
Principal payments	-	-	85,043	(85,043)
Interest and fiscal agent fees	-	-	20,092	(20,092)
Total expenditures	40,729,134	42,318,365	40,348,196	1,970,169
(Deficiency) excess of revenues				
(under) over expenditures	(3,200,179)	(4,231,709)	(2,143,076)	2,088,633
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	348,085	348,085
Debt Issuance		607,400	607,400	-
Operating transfers in	2,702,980	2,702,980	2,713,755	10,775
Operating transfers out	(86,050)	(205,495)	(263,493)	(57,998)
Total other financing sources (uses)	2,616,930	3,104,885	3,057,662	300,862
Net change in fund balances	(583,249)	(1,126,824)	914,586	2,389,495
Fund balances - beginning of year	607,819	1,151,394	11,044,111	9,892,717
Fund balances - end of year	\$ 24,570	\$ 24,570	\$ 11,958,697	\$ 12,282,212

City of Coeur d'Alene

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION September 30, 2019

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, 2019.

City of Coeur d'Alene

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

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
City of Coeur d'Alene's net pension liability percentage	100%	100%	100%	100%	100%
City of Coeur d'Alene's net pension liability	\$ 1,142,378	\$ 903,304	\$ 903,304	\$ 852,633	\$ 273,211
City of Coeur d'Alene's total pension liability	\$ 2,088,884	\$ 1,981,905	\$ 2,150,043	\$ 2,265,698	\$ 1,671,680
City of Coeur d'Alene's fiduciary net position	\$ 946,506	\$ 1,068,328	\$ 1,246,739	\$ 1,413,065	\$ 1,398,468
City of Coeur d'Alene's covered-employee payroll	-	\$ -	\$ -	\$ -	\$ -
City of Coeur d'Alene's net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	45.31%	53.90%	57.99%	62.37%	83.66%

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

Data reported is measured as of September 30, 2019 (measurement date)

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

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
City contributions	\$ 74	\$ 539	\$ 2,133	\$ 154,962	\$ 155,893
City's actuarially determined contributions	\$ 152,000	\$ 152,000	\$ 152,000	\$ 151,999	\$ 152,000
Difference between the actuarially determined contribution and the actual contribution	\$ (151,926)	\$ (151,461)	\$ (149,867)	\$ 2,963	\$ 3,893
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

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Data reported is measured as of September 30, 2019 (measurement date)

City of Coeur d'Alene

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

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

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City of Coeur d'Alene

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Experience	5.44%	-0.06%	-0.06%	1.72%	1.80%

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City of Coeur d'Alene

SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY

PERSI - Base Plan

Last 10 - Fiscal Years *

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
City of Coeur d'Alene's portion of the net pension liability	0.7622745%	0.7816001%	0.7684929%	0.7700966%	0.7758284%
City of Coeur d'Alene's proportionate share of the net pension liability	\$ 8,706,522	\$ 11,528,738	\$ 12,079,388	\$ 15,611,041	\$ 10,216,398
City of Coeur d'Alene's covered-employee payroll	\$ 25,516,046	\$ 24,756,509	\$ 23,500,332	\$ 22,186,905	\$ 21,318,402
City of Coeur d'Alene's proportional share of the net pension liability as a percentage of its covered-Plan fiduciary net position as a percentage of the total pension liability	34.12%	46.57%	51.40%	70.36%	47.92%
	93.79%	91.69%	90.68%	87.26%	91.38%

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Data reported is measured as of June 30, 2019 (measurement date)

SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS

PERSI - Base Plan

Last 10 - Fiscal Years *

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
Statutorily required contribution	\$ 2,916,770	\$ 3,035,277	\$ 2,591,451	\$ 2,289,207	\$ 2,537,750
Contributions in relation to the statutorily required contribution	\$ 2,973,487	\$ 2,885,192	\$ 2,738,658	\$ 2,572,387	\$ 2,603,758
Contribution (deficiency) excess	\$ 56,717	\$ (150,086)	\$ 147,207	\$ 283,180	\$ 66,009
City's covered-employee payroll	\$ 25,516,046	\$ 24,756,509	\$ 23,500,332	\$ 22,186,905	\$ 21,318,402
Contributions as a percentage of covered-employee payroll	11.65%	11.65%	11.65%	11.59%	12.21%

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Data reported is measured as of June 30, 2019 (measurement date)

City of Coeur d'Alene

SCHEDULE OF CITY'S SHARE OF NET PENSION LIABILITY

PERSI - FRF Plan

Last 10 - Fiscal Years *

	9/30/19	9/30/18	9/30/17	9/30/16	9/30/15
City of Coeur d'Alene's portion of the net pension asset	7.7156242%	7.9375918%	7.5070873%	7.3277629%	7.3707911%
City of Coeur d'Alene's proportionate share of the net pension asset	\$11,091,489	\$8,982,985	\$6,440,753	\$3,938,556	\$3,981,015
City of Coeur d'Alene's covered-employee payroll	\$6,059,963	\$5,942,693	\$5,480,973	\$5,010,150	\$4,738,865
City of Coeur d'Alene's proportional share of the net pension asset as a percentage of its covered-employee payroll	183.03%	151.16%	117.51%	78.61%	84.01%
Plan fiduciary net position as a percentage of the total pension asset	152.74%	140.15%	129.65%	118.42%	118.08%

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Data reported is measured as of June 30, 2019 (measurement date)

SCHEDULE OF CITY OF COEUR D'ALENE'S CONTRIBUTIONS

PERSI - FRF Plan

Last 10 - Fiscal Years *

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

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Data reported is measured as of June 30, 2019 (measurement date)

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

City of Coeur d'Alene, Idaho

COMBINING BALANCE SHEET - BY FUND TYPE NONMAJOR GOVERNMENTAL FUNDS September 30, 2019

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,217,452	\$ 80,120	\$ 7,297,572
Investments	1,382,735	-	1,382,735
Receivables:			
Taxes delinquent	40,309	34,388	74,697
Accounts	12,291	-	12,291
Assessments:			
Delinquent	-	1,087	1,087
Deferred	-	289,021	289,021
Due from other governments	3,664	1,930	5,594
Due from other funds	-	-	-
Total assets	<u>\$ 8,656,451</u>	<u>\$ 406,546</u>	<u>\$ 9,062,997</u>
LIABILITIES			
Accounts payable	\$ 331,783	\$ -	\$ 331,783
Due to other funds	-	290,108	290,108
Total liabilities	<u>331,783</u>	<u>290,108</u>	<u>621,891</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue- property taxes	40,309	34,388	74,697
Unavailable revenue- special assessments	-	6,272	6,272
Total deferred inflows of resources	<u>40,309</u>	<u>40,660</u>	<u>80,969</u>
FUND BALANCES (DEFICITS)			
Restricted	3,565,148	82,050	3,647,198
Committed	4,526,428	-	4,526,428
Assigned	192,783	-	192,783
Unassigned	-	(6,272)	(6,272)
Total fund balances (deficits)	<u>8,284,359</u>	<u>75,778</u>	<u>8,360,137</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 8,656,451</u>	<u>\$ 406,546</u>	<u>\$ 9,062,997</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, 2019

	Special Revenue Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 1,696,574	\$ 881,302	\$ 2,577,876
Intergovernmental	1,212,108	-	1,212,108
Charges for services	1,208,942	-	1,208,942
Fines and forfeits	9,709	-	9,709
Assessments collected	-	6,744	6,744
Investment (loss) earnings	43,287	-	43,287
Interest	178,114	-	178,114
Miscellaneous	248,327	-	248,327
Penalty and interest	-	7,391	7,391
Total revenues	<u>4,597,061</u>	<u>895,437</u>	<u>5,492,498</u>
EXPENDITURES			
Current:			
General government	301,132	-	301,132
Culture and recreation	1,735,621	-	1,735,621
Administrative expenses	-	-	-
Capital outlay	958,688	-	958,688
Debt service:			
Principal payments	-	760,698	760,698
Interest, fees and other	-	116,231	116,231
Total expenditures	<u>2,995,441</u>	<u>876,929</u>	<u>3,872,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,601,620</u>	<u>18,508</u>	<u>1,620,128</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	324,838	-	324,838
Operating transfers out	(738,932)	-	(738,932)
Total other financing sources (uses)	<u>(414,094)</u>	<u>-</u>	<u>(414,094)</u>
Net change in fund balances	1,187,526	18,508	1,206,034
Fund balances (deficits) - beginning of year	7,096,833	57,270	7,154,103
Fund balances (deficits) - end of year	<u>\$ 8,284,359</u>	<u>\$ 75,778</u>	<u>\$ 8,360,137</u>

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

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

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

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

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

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

Cemetery Perpetual Care Fund: To account for funds set aside to be used to maintain the City's cemeteries into perpetuity. Funding for this fund comes from interest earnings and 30% of the funds generated from cemetery lot sales.

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

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

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

City of Coeur d'Alene, Idaho

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS September 30, 2019

	<u>Library</u>	<u>Cemetery</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>
ASSETS				
Cash and cash equivalents	\$ 253,679	\$ 102,291	\$ 192,783	\$ 3,538,125
Investments	-	-	-	-
Receivables:				
Taxes delinquent	40,309	-	-	-
Accounts	-	160	-	-
Due from other governments	3,664	-	-	-
Total assets	<u>\$ 297,652</u>	<u>\$ 102,451</u>	<u>\$ 192,783</u>	<u>\$ 3,538,125</u>
LIABILITIES				
Accounts payable	\$ 30,802	\$ 9,471	\$ -	\$ -
Total liabilities	<u>30,802</u>	<u>9,471</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- property taxes	40,309	-	-	-
Total deferred inflows of resources	<u>40,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	3,538,125
Committed	226,541	92,980	-	-
Assigned	-	-	192,783	-
Total fund balances (deficits)	<u>226,541</u>	<u>92,980</u>	<u>192,783</u>	<u>3,538,125</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 297,652</u>	<u>\$ 102,451</u>	<u>\$ 192,783</u>	<u>\$ 3,538,125</u>

Parks Capital Improvements	Cemetery Perpetual Care	Reforestation	Jewett House	Public Art	Total Nonmajor Special Revenue Funds
\$ 2,130,266	\$ 23,867	\$ 226,548	\$ 35,312	\$ 714,581	\$ 7,217,452
-	1,382,735	-	-	-	1,382,735
-	-	-	-	-	40,309
12,131	-	-	-	-	12,291
-	-	-	-	-	3,664
<u>\$ 2,142,397</u>	<u>\$ 1,406,602</u>	<u>\$ 226,548</u>	<u>\$ 35,312</u>	<u>\$ 714,581</u>	<u>\$ 8,656,451</u>
<u>\$ 277,570</u>	<u>\$ -</u>	<u>\$ 5,562</u>	<u>\$ 8,289</u>	<u>\$ 89</u>	<u>\$ 331,783</u>
<u>277,570</u>	<u>-</u>	<u>5,562</u>	<u>8,289</u>	<u>89</u>	<u>331,783</u>
-	-	-	-	-	40,309
-	-	-	-	-	40,309
-	-	-	27,023	-	3,565,148
1,864,827	1,406,602	220,986	-	714,492	4,526,428
-	-	-	-	-	192,783
<u>1,864,827</u>	<u>1,406,602</u>	<u>220,986</u>	<u>27,023</u>	<u>714,492</u>	<u>8,284,359</u>
<u>\$ 2,142,397</u>	<u>\$ 1,406,602</u>	<u>\$ 226,548</u>	<u>\$ 35,312</u>	<u>\$ 714,581</u>	<u>\$ 8,656,451</u>

City of Coeur d'Alene, Idaho

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the Year Ended September 30, 2019

	Library	Cemetery	Annexation Fees	Impact Fees	Parks Capital Improvements
REVENUES					
Taxes	\$ 1,696,574	\$ -	\$ -	\$ -	\$ -
Intergovernmental	16,941	-	-	-	1,195,167
Charges for services	7,775	179,735	172,550	596,835	170,082
Fines and forfeits	9,709	-	-	-	-
Unrealized gain (loss) on investments	-	-	-	-	-
Interest	6,353	1,477	1,587	81,033	29,404
Miscellaneous	8,594	11,390	-	-	-
Total revenues	<u>1,745,946</u>	<u>192,602</u>	<u>174,137</u>	<u>677,868</u>	<u>1,394,653</u>
EXPENDITURES					
Current:					
General government	-	245,288	-	-	-
Culture and recreation	1,589,508	-	-	-	56,597
Capital outlay	134,259	59,826	-	-	490,377
Total expenditures	<u>1,723,767</u>	<u>305,114</u>	<u>-</u>	<u>-</u>	<u>546,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,179</u>	<u>(112,512)</u>	<u>174,137</u>	<u>677,868</u>	<u>847,679</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	200,000	-	-	70,142
Operating transfers out	-	(34,697)	(286,000)	(218,235)	-
Total other financing sources (uses)	<u>-</u>	<u>165,303</u>	<u>(286,000)</u>	<u>(218,235)</u>	<u>70,142</u>
Net change in fund balances	22,179	52,791	(111,863)	459,633	917,821
Fund balances - beginning of year	204,362	40,189	304,646	3,078,492	947,006
Fund balances (deficits) - end of year	<u>\$ 226,541</u>	<u>\$ 92,980</u>	<u>\$ 192,783</u>	<u>\$ 3,538,125</u>	<u>\$ 1,864,827</u>

Cemetery Perpetual Care	Reforestation	Jewett House	Public Art	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,696,574
-	-	-	-	1,212,108
-	81,965	-	-	1,208,942
-	-	-	-	9,709
43,287	-	-	-	43,287
34,180	5,416	871	17,793	178,114
-	-	17,167	211,176	248,327
<u>77,467</u>	<u>87,381</u>	<u>18,038</u>	<u>228,969</u>	<u>4,597,061</u>
5,827	-	24,615	25,402	301,132
-	89,516	-	-	1,735,621
-	-	-	274,226	958,688
<u>5,827</u>	<u>89,516</u>	<u>24,615</u>	<u>299,628</u>	<u>2,995,441</u>
<u>71,640</u>	<u>(2,135)</u>	<u>(6,577)</u>	<u>(70,659)</u>	<u>1,601,620</u>
54,696	-	-	-	324,838
(200,000)	-	-	-	(738,932)
<u>(145,304)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(414,094)</u>
(73,664)	(2,135)	(6,577)	(70,659)	1,187,526
1,480,266	223,121	33,600	785,151	7,096,833
<u>\$ 1,406,602</u>	<u>\$ 220,986</u>	<u>\$ 27,023</u>	<u>\$ 714,492</u>	<u>\$ 8,284,359</u>

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

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

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

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

City of Coeur d'Alene, Idaho

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS September 30, 2019

	LID #149	LID #151	General Obligation Bonds	Total Nonmajor Debt Service Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 80,120	\$ 80,120
Receivables:				
Taxes Delinquent	-	-	34,388	34,388
Assessments				
Delinquent	1,087	-	-	1,087
Deferred	6,272	282,749	-	289,021
Due from other governments	-	-	1,930	1,930
Total assets	<u>\$ 7,359</u>	<u>\$ 282,749</u>	<u>\$ 116,438</u>	<u>\$ 406,546</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Deposits	\$ -	\$ -	\$ -	\$ -
Due to other funds	7,359	282,749	-	290,108
Total liabilities	<u>7,359</u>	<u>282,749</u>	<u>-</u>	<u>290,108</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	34,388	34,388
Unavailable revenue-special assessments	6,272	-	-	6,272
Total deferred inflows of resources	<u>6,272</u>	<u>-</u>	<u>34,388</u>	<u>40,660</u>
FUND BALANCES (DEFICITS)				
Restricted	-	-	82,050	82,050
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(6,272)	-	-	(6,272)
Total fund balances (deficits)	<u>(6,272)</u>	<u>-</u>	<u>82,050</u>	<u>75,778</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 7,359</u>	<u>\$ 282,749</u>	<u>\$ 116,438</u>	<u>\$ 406,546</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, 2019

	LID #149	General Obligation Bonds	Total Nonmajor Debt Service Funds
REVENUES			
Taxes	\$ -	\$ 881,302	\$ 881,302
Assessments collected	6,744	-	6,744
Penalty and interest	-	7,391	7,391
Total revenues	6,744	888,693	895,437
EXPENDITURES			
Bond principal	-	760,698	760,698
Interest, fees and other	-	116,231	116,231
Total expenditures	-	876,929	876,929
Excess (deficiency) of revenues over (under) expenditures	6,744	11,764	18,508
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	6,744	11,764	18,508
Fund balances (deficits)-beginning of year	(13,016)	70,286	57,270
Fund balances (deficits) - end of year	\$ (6,272)	\$ 82,050	\$ 75,778

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

Miscellaneous Capital Projects

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

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

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

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

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

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

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

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

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

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

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

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

City of Coeur d'Alene, Idaho

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS September 30, 2019

	Misc. Capital Projects	Down- town Signal Improve- ments	Govt Way Hanley to Prairie	US 95 / Ironwood Drive Intersection	15th St Harrison to Best
ASSETS					
Cash and cash equivalents	\$ 6,088	\$ 33	\$ 31,283	\$ -	\$ 44,421
Accounts Receivable	-	-	-	61,948	-
Due from other governments	-	10,193	-	-	-
Due from other funds	9,300	-	-	-	-
Total assets	<u>\$ 15,388</u>	<u>\$ 10,226</u>	<u>\$ 31,283</u>	<u>\$ 61,948</u>	<u>\$ 44,421</u>
LIABILITIES					
Accounts payable	\$ -	\$ 11,000	\$ -	\$ -	\$ -
Due to other funds	-	9,300	-	-	-
Total liabilities	<u>-</u>	<u>20,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Unassigned	15,388	(10,074)	31,283	61,948	44,421
Total fund balances (deficits)	<u>15,388</u>	<u>(10,074)</u>	<u>31,283</u>	<u>61,948</u>	<u>44,421</u>
Total liabilities and fund balances (deficits)	<u>\$ 15,388</u>	<u>\$ 10,226</u>	<u>\$ 31,283</u>	<u>\$ 61,948</u>	<u>\$ 44,421</u>

Kathleen Avenue Widening	Seltice Way Side- walks	Seltice Way	Industrial Park Loop and Atlas	US 95 Upgrade Project	Traffic Calming	Atlas Waterfront Site	Total Capital Projects Funds
\$ 440,000	\$ 8,789	\$ 52,826	\$ 602,807	\$ 224,100	\$ 8,607	\$ -	\$ 1,418,954
-	-	-	-	-	-	-	61,948
-	-	-	-	-	-	-	10,193
-	-	-	-	-	-	-	9,300
<u>\$ 440,000</u>	<u>\$ 8,789</u>	<u>\$ 52,826</u>	<u>\$ 602,807</u>	<u>\$ 224,100</u>	<u>\$ 8,607</u>	<u>\$ -</u>	<u>\$ 1,500,395</u>
\$ -	\$ -	\$ -	\$ 8,225	\$ -	\$ 3,763	\$ -	\$ 22,988
-	-	-	-	-	-	7,815,500	7,824,800
-	-	-	8,225	-	3,763	7,815,500	7,847,788
440,000	8,789	52,826	594,582	224,100	4,844	(7,815,500)	(6,347,393)
440,000	8,789	52,826	594,582	224,100	4,844	(7,815,500)	(6,347,393)
<u>\$ 440,000</u>	<u>\$ 8,789</u>	<u>\$ 52,826</u>	<u>\$ 602,807</u>	<u>\$ 224,100</u>	<u>\$ 8,607</u>	<u>\$ -</u>	<u>\$ 1,500,395</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, 2019**

	Misc. Capital Projects	Down- town Signal Improve- ments	Govt Way Hanley to Prairie	Margaret Avenue	US 95 / Ironwood Drive Intersection	15th St Harrison to Best
REVENUES						
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 61,948	\$ -
Intergovernmental	-	101,926	224,688	-	129,254	-
Investment income	-	-	3,558	-	-	764
Total revenues	-	101,926	228,246	-	191,202	764
EXPENDITURES						
Services and supplies	-	-	-	-	-	-
Interest and fiscal agent fees	-	-	-	-	-	-
Capital outlay	-	112,000	195,536	-	-	9,747
Total expenditures	-	112,000	195,536	-	-	9,747
Excess (deficiency) of revenues over (under) expenditures	-	(10,074)	32,710	-	191,202	(8,983)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	57,257	(52,030)	(129,254)	-
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	57,257	(52,030)	(129,254)	-
Net change in fund balances	-	(10,074)	89,967	(52,030)	61,948	(8,983)
Fund balance (deficit) - beginning of year	15,388	-	(58,684)	52,030	-	53,404
Fund balance (deficit) - end of year	\$ 15,388	\$ (10,074)	\$ 31,283	\$ -	\$ 61,948	\$ 44,421

Kathleen Avenue Widening	Seltice Way Sidewalks	Seltice Way	Industrial Park Loop and Atlas	US 95 Upgrade Project	Traffic Calming	Atlas Waterfront Site	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,948
-	5,389	163,111	804,500	-	-	-	1,428,868
-	-	-	13,550	-	-	-	17,872
-	5,389	163,111	818,050	-	-	-	\$ 1,508,688
-	55,197	-	-	-	3,763	15,466	74,426
-	-	-	-	-	-	115,500	115,500
-	3,500	72,150	223,468	-	-	-	616,401
-	58,697	72,150	223,468	-	3,763	130,966	806,327
-	(53,308)	90,961	594,582	-	(3,763)	(130,966)	702,361
195,000	-	-	-	147,261	-	89,444	307,678
-	-	-	-	-	-	-	-
195,000	-	-	-	147,261	-	89,444	307,678
195,000	(53,308)	90,961	594,582	147,261	(3,763)	(41,522)	1,010,039
245,000	62,097	(38,135)	-	76,839	8,607	(7,773,978)	(7,357,432)
<u>\$ 440,000</u>	<u>\$ 8,789</u>	<u>\$ 52,826</u>	<u>\$ 594,582</u>	<u>\$ 224,100</u>	<u>\$ 4,844</u>	<u>\$ (7,815,500)</u>	<u>\$ (6,347,393)</u>

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

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

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

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

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

City of Coeur d'Alene, Idaho
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
September 30, 2019

	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	\$ 74	\$ 305,920	\$ 1,190,704	\$ 1,557,366
Receivables:					
Accounts, net of allowance for uncollectible accounts	-	53,149	346,785	102,212	502,146
Total current assets	60,668	53,223	652,705	1,292,916	2,059,512
Non-current assets:					
Capital assets:					
Land	-	-	2,214,672	-	2,214,672
Construction in Progress	-	-		24,500.00	24,500
Other capital assets, net of accumulated depreciation	-	86,586	14,207,178	4,844,738	19,138,502
Total non-current assets	-	86,586	16,421,850	4,869,238	21,377,674
Total assets	60,668	139,809	17,074,555	6,162,154	23,437,186
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	-	-	-	6,239	6,239
LIABILITIES					
Current liabilities:					
Accounts payable	-	12,645	5,175	52,147	69,967
Total current liabilities	-	12,645	5,175	52,147	69,967
Non-current liabilities:					
Compensated absences	-	-	-	27,000	27,000
Net pension liability	-	-	-	25,566	25,566
Total non-current liabilities	-	-	-	52,566	52,566
Total liabilities	-	12,645	5,175	104,713	122,533
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	-	-	-	11,083	11,083
NET POSITION					
Net investment in capital assets	-	86,586	16,421,850	4,869,238	21,377,674
Unrestricted	60,668	40,578	647,530	1,183,359	1,932,135
Total net position	\$ 60,668	\$ 127,164	\$17,069,380	\$ 6,052,597	\$ 23,309,809

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, 2019

	Business-type Activities - Nonmajor Enterprise Funds				
	Wastewater Property Management	Street Lighting	Public Parking Lot	Drainage	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Services	\$ -	\$ 570,315	\$ 977,208	\$ 1,049,686	\$ 2,597,209
OPERATING EXPENSES					
Administration	-	-	-	114,768	114,768
Maintenance	-	56,181	51,524	253,950	361,655
Supplies	-	-	-	36,246	36,246
Contracted services	-	627,542	143,152	3,618	774,312
Depreciation	-	25,828	879,272	313,076	1,218,176
Bad debt expense	-	523	-	881	1,404
Net pension expense (revenue)	-	-	-	8,939	8,939
Total operating expenses	-	710,074	1,073,948	731,478	2,515,500
Operating income (loss)	-	(139,759)	(96,740)	318,208	81,709
NONOPERATING REVENUES					
Investment income		666	6,527	28,134	35,327
Gain on sale of assets	-	-	-	20,000	20,000
Total nonoperating revenues	-	666	6,527	48,134	55,327
Income (loss) before contributions and transfers	-	(139,093)	(90,213)	366,342	137,036
Capital contributions			9,051,318		9,051,318
Operating transfers in	-	154,050	-		154,050
Operating transfers out	-	-	(159,222)	(155,557)	(314,779)
Change in net position		14,957	8,801,883	210,785	9,027,625
Total net position - beginning	60,668	112,207	8,267,497	5,841,812	14,282,184
Prior period adjustment	-	-	-		-
Total net position - ending	\$ 60,668	\$ 127,164	\$ 17,069,380	\$ 6,052,597	\$ 23,309,809

City of Coeur d'Alene, Idaho
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUND TYPES
For the Year Ended September 30, 2019

	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	\$ -	\$ 566,275	\$ 832,837	\$ 1,045,991	\$ 2,445,103
Payments to suppliers	-	(720,945)	(195,986)	(493,660)	(1,410,591)
Payments to employees	-	-	-	116,250	116,250
Net cash provided (used) by operating activities	-	(154,670)	636,851	668,581	1,150,762
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	-	154,050	-	-	154,050
Operating transfers out	-	-	(159,222)	(155,557)	(314,779)
Net cash provided (used) by noncapital financing activities	-	154,050	(159,222)	(155,557)	(160,729)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset purchases	-	-	(408,414)	(518,475)	(926,889)
Contributions	-	-	-	-	-
Proceeds from the sale of assets	-	-	-	20,000	20,000
Net cash provided (used) by financing activities	-	-	(408,414)	(498,475)	(906,889)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	666	6,527	28,134	35,327
Net cash provided (used) by investing activities	-	666	6,527	28,134	35,327
Net increase (decrease) in cash and cash equivalents	-	46	75,742	42,683	118,471
Cash and cash equivalents, beginning of year	60,668	28	230,178	1,148,021	1,438,895
Cash and cash equivalents, end of year	<u>\$ 60,668</u>	<u>\$ 74</u>	<u>\$ 305,920</u>	<u>\$ 1,190,704</u>	<u>\$ 1,557,366</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ -	\$ (139,759)	\$ (96,740)	\$ 318,208	\$ 81,709
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
(Increase) decrease in assets:					
Depreciation	-	25,828	879,272	313,076	1,218,176
Accounts receivable	-	(4,040)	(144,371)	(3,695)	(152,106)
Deferred outflows of resources	-	-	-	2,300	2,300
Increase (decrease) in liabilities:					
Accounts payable	-	(36,699)	(1,310)	39,510	1,501
Compensated absences	-	-	-	1,507	1,507
(Decrease) increase in net pension liability	-	-	-	(8,430)	(8,430)
(Decrease) increase in deferred inflows of resources	-	-	-	6,105	6,105
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (154,670)</u>	<u>\$ 636,851</u>	<u>\$ 668,581</u>	<u>\$ 1,150,762</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, 2019, 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 27, 2020. Our report includes a reference to other auditors who audited the financial statements of ignite cda, as described in our report on the City of Coeur d'Alene's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Anderson Bros. CPAs
Post Falls, Idaho
March 27, 2020

SINGLE AUDIT REPORT



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

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Coeur d'Alene's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Coeur d'Alene's major federal programs for the year ended September 30, 2019. 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, 2019.

Report on Internal Control over Compliance

Management of the City of Coeur d'Alene is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Coeur d'Alene's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Coeur d'Alene's internal control over compliance.

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

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

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



Anderson Bros., CPAs
Post Falls, Idaho
March 27, 2020

City of Coeur d'Alene, Idaho
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2019

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		\$ 355,024
<u>U.S. Department of Justice</u>			
<i>Direct programs:</i>			
Bulletproof Vest Partnership Program	16.607		6,646
Edward Byrne Memorial Justice Assistance Grant Program	16.738		116,560
Subtotal direct			123,206
<i>Passed through the State of Idaho:</i>			
STOP Violence Against Women	16.588		56,017
Subtotal passed through the State of Idaho			56,017
Total U.S. Department of Justice			179,223
<u>U.S. Department of Transportation</u>			
<i>Passed through the State of Idaho:</i>			
<i>Highway Planning and Construction Cluster:</i>			
Highway Planning and Construction-FAHP	20.205	826000176	283,110
Recreational Trails Program	20.219	826000176	5,000
			288,110
<i>Passed through the State of Idaho:</i>			
<i>Transportation Cluster:</i>			
State and Community Highway Safety	20.600	826000176	6,258
State and Community Highway Safety	20.600	826000176	
National Priority Safety Programs	20.616	826000176	83,730
Total Transportation Cluster			89,988
Total U.S. Department of Transportation			378,098
<u>Institute of Museum and Library Services</u>			
<i>Passed through the State of Idaho:</i>			
Grants to States	45.310	826000176	15,491
<u>Environmental Protection Agency</u>			
<i>Passed through the State of Idaho:</i>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	826000176	828,513
<u>Department of Health and Human Services</u>			
<i>Passed through the State of Idaho:</i>			
Public Health Emergency Preparedness	93.243	826000176	11,420
<u>U.S. Department of Homeland Security</u>			
<i>Passed through the State of Idaho:</i>			
Disaster Grants - Public Assistance	97.036	826000176	1,800
Homeland Security Grant Program	97.067	826000176	60,486
Total U.S. Department of Homeland Security			62,286
			\$ 1,830,055

City of Coeur d'Alene, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS September 30, 2019

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, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Government.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Pass-through entity identifying numbers are presented where available.

NOTE 3: MATCHING REQUIREMENTS

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

NOTE 4: LOANS OUTSTANDING

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

The City has a loan through the Environmental Protection Agency, capitalization grants for clean water state revolving funds, that has been passed down through the State of Idaho. The outstanding principal balance at September 30, 2019 is \$19,640,140. Funds advanced in the current year were \$3,120,314. The schedule of expenditures of federal awards only includes the federal matching funds, which were \$828,513 in the current year.

City of Coeur d'Alene, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2019

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)

14.218
20.205, 20.219

Name of Federal Program or Cluster

CDBG Block Grants / Entitlement Grants
Highway Planning and Construction
Cluster

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, 2019

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.