

**CITY OF COEUR D'ALENE,  
IDAHO**

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**City of Coeur d'Alene, Idaho**  
**September 30, 2009**

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**City of Coeur d'Alene, Idaho**  
**September 30, 2009**

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



Magnuson, McHugh  
& Company, P.A.  
CPAs and Consultants

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
Coeur d'Alene, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene, Idaho as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Coeur d'Alene, Idaho's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Coeur d'Alene, ID, as of September 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2010, on our consideration of the City of Coeur d'Alene, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 65, the Police Retirement Trust Fund information on pages 66 and 67 and the Schedule of Funding Progress for Postemployment Benefit Plan on page 68 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

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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coeur d'Alene, Idaho's financial statements as a whole. 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 accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MAGNUSON, MCHUGH, & CO.

*Magnuson, McHugh & Company, P.A.*

Coeur d'Alene, Idaho  
September 28, 2010

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, 2009

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, 2009.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$285,517,425 (net assets). Of this amount, \$28,744,501 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$635,214. Of this increase 43% occurred in the business activities and an increase of 57% occurred in the governmental activities.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$14,730,339 a decrease of \$1,328,162 in comparison with the prior year.
- Also, at the end of the fiscal year, unreserved fund balance for the General Fund was \$4,154,324, or 15% of the 2010 budgeted General Fund expenditures.
- The City's total debt decreased by \$2,793,058 during fiscal year 2008-09.

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

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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, sewer, sanitation, storm water, street lighting and public parking.

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

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

**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 33 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, General Obligation Bonds Debt Service and 2006 Governmental Obligation Bonds Capital Projects, which are considered to be major funds. Data from the other 26 governmental are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements or schedules elsewhere in this report.

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

*Proprietary Funds* – The City maintains one type of proprietary fund which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm water, 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 the 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2009**

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

**Net Assets** – The City has 86.6 percent of its total net assets invested in capital assets (land, buildings, infrastructure, machinery and equipment, and vehicles) less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional 3.2 percent of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (10 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

A summary of the City's net assets follows:

**STATEMENT OF NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2009	2008	2009	2008	2009	2008
Capital Assets	\$125,826,929	\$125,819,174	\$151,901,647	\$149,892,442	\$277,728,576	\$275,711,616
Current and other assets	18,369,698	18,843,198	22,395,956	24,350,463	40,765,654	43,193,661
<b>Total Assets</b>	<b>144,196,627</b>	<b>144,662,372</b>	<b>174,297,603</b>	<b>174,242,905</b>	<b>318,494,230</b>	<b>318,905,277</b>
Long-term Liabilities	11,823,591	13,767,423	16,874,789	17,724,015	28,698,380	31,491,438
Other Liabilities	2,870,856	1,728,159	1,407,569	777,246	4,278,425	2,505,405
<b>Total Liabilities</b>	<b>14,694,447</b>	<b>15,495,582</b>	<b>18,282,358</b>	<b>18,501,261</b>	<b>32,976,805</b>	<b>33,996,843</b>
Net Assets						
Invested in capital assets, net of related debt	116,224,081	114,153,246	131,243,353	128,779,461	247,467,434	242,932,707
Restricted	9,505,490	11,244,682			9,267,445	11,244,682
Unrestricted	3,772,609	3,768,862	24,771,892	26,962,183	28,544,501	30,731,045
<b>Total net assets</b>	<b>\$129,502,180</b>	<b>\$129,166,790</b>	<b>\$156,015,245</b>	<b>\$155,741,644</b>	<b>\$285,517,425</b>	<b>\$284,908,434</b>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, 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, 2009

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
<b>Program Revenues</b>						
Charges for services	\$ 3,932,012	\$ 4,423,036	\$ 15,221,752	\$ 14,708,842	\$ 19,153,764	\$ 19,131,878
Operating grants and contributions	216,623	255,762			216,623	255,762
Capital grants and contributions	346,016	25,186	2,158,816	7,887,287	2,504,832	7,912,473
<b>General Revenues</b>						
Property taxes	16,529,044	15,242,113			16,529,044	15,242,113
Sales tax	781,813	736,061			781,813	736,061
Franchise fees	1,859,936	1,712,041			1,859,936	1,712,041
Motor fuel taxes	1,460,366	1,543,369			1,460,366	1,543,369
Alcoholic beverage taxes	957,020	848,662			957,020	848,662
Grants and contributions not restricted to specific purposes	6,586,257	5,183,085			6,586,257	5,183,085
Interest & investment earnings	372,499	605,818	216,202	748,226	588,701	1,354,044
Miscellaneous	392,926	348,257			392,926	348,257
Donated assets	9,000	52,484			9,000	52,484
Forgiveness of debts						
Loss on disposal of assets	(124,951)	(24,035)			(124,951)	(24,035)
<b>Total revenues</b>	<b>33,318,561</b>	<b>30,951,839</b>	<b>17,596,770</b>	<b>23,344,355</b>	<b>50,915,331</b>	<b>54,296,194</b>
<b>Program Expenses</b>						
General government	6,306,320	6,282,618			6,306,320	6,282,618
Public safety	16,057,858	17,787,462			16,057,858	17,787,462
Public works	7,353,905	5,271,628			7,353,905	5,271,628
Culture and recreation	4,237,679	3,754,126			4,237,679	3,754,126
Administrative expense	68,228	20,681			68,228	20,681
Interest on long-term debt	450,814	467,792			450,814	467,792
Change in OPEB obligation	444,137				444,137	
Water			4,646,969	4,428,153	4,646,969	4,428,153
Wastewater			6,744,603	6,650,376	6,744,603	6,650,376
Sanitation			2,692,136	2,647,050	2,692,136	2,647,050
Other enterprise			1,277,468	1,324,535	1,277,468	1,324,535
<b>Total expenses</b>	<b>34,918,941</b>	<b>33,584,307</b>	<b>15,361,176</b>	<b>15,050,114</b>	<b>50,280,117</b>	<b>48,634,421</b>
Increase in net assets before special items and transfers	(1,600,380)	(2,632,468)	2,235,594	8,294,241	635,214	5,661,773
Transfers	1,961,993	1,362,106	(1,961,993)	(1,362,106)		
<b>Change in net assets</b>	<b>361,613</b>	<b>(1,270,362)</b>	<b>273,601</b>	<b>6,932,135</b>	<b>635,214</b>	<b>5,661,773</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

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

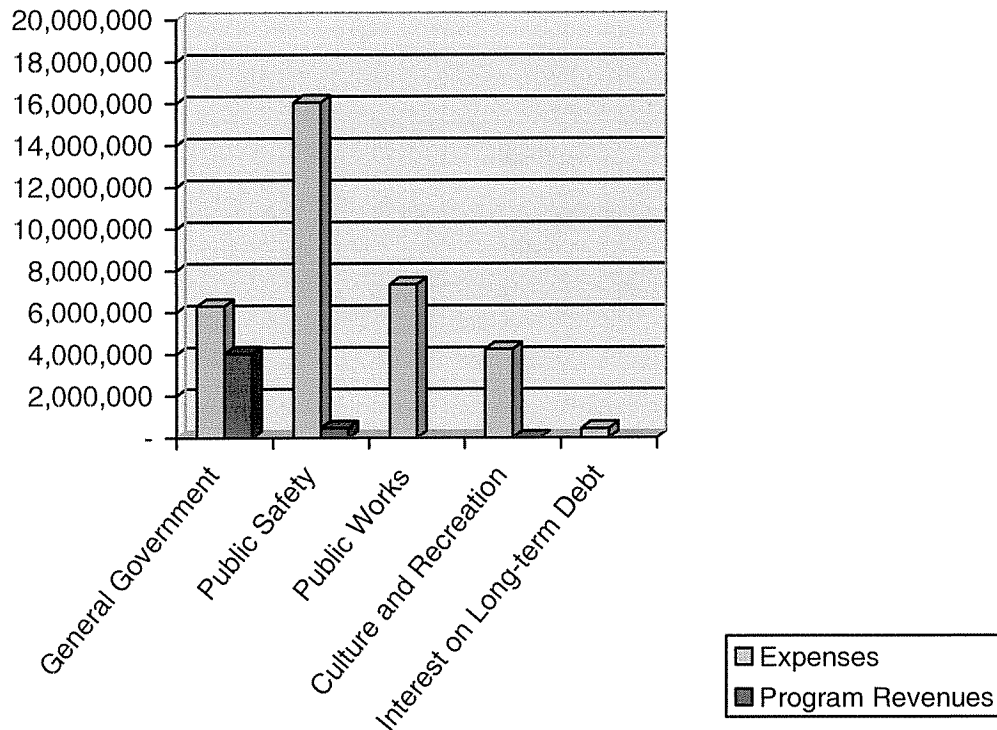
Major changes in governmental activities were as follows:

- Charges for services decreased due to a decrease in building permits.
- Governmental activities increased the City's net assets by \$361,613, which impacted the City's net assets by approximately .28 percent. This increase is primarily the result of contributions from Lake City Development for improvements on 4<sup>th</sup> Street – Lakeside to Harrison.

Governmental Activities:

The following graph depicts various governmental activities and shows the expenses and program revenues directly related to those activities.

**Expenses and Program Revenues - Government Activities**

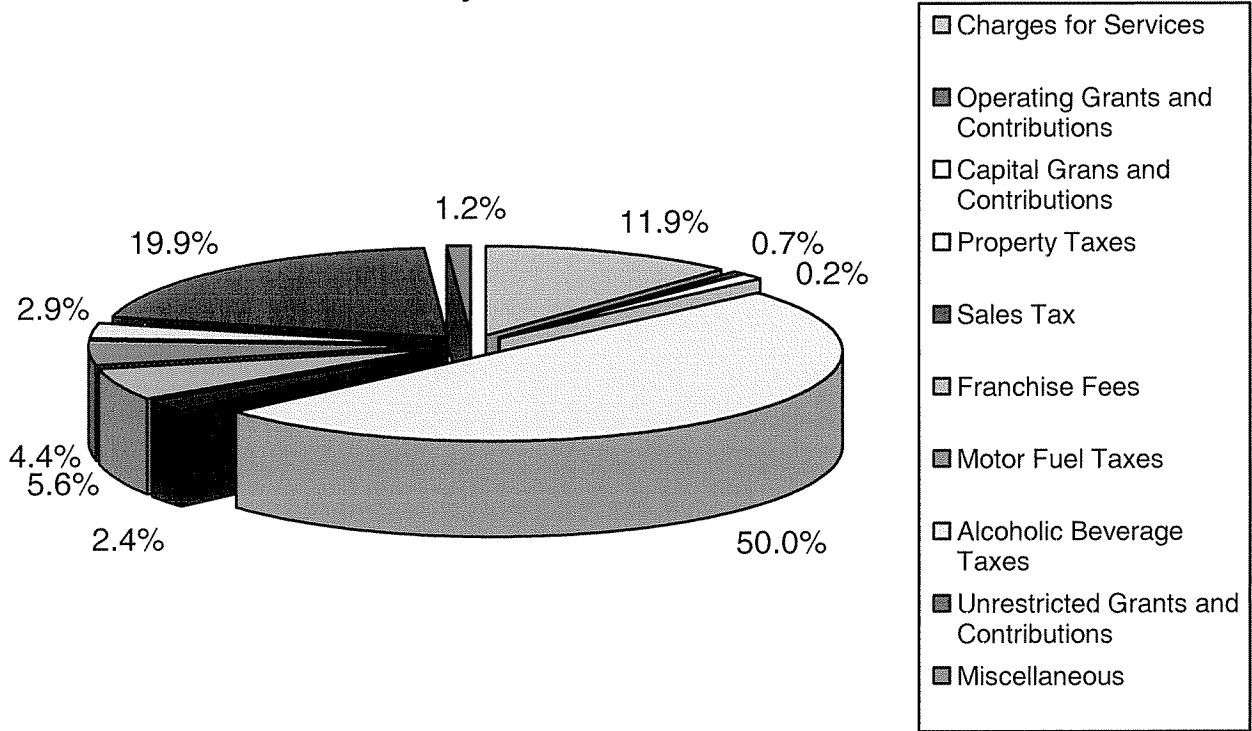


**CITY OF COEUR D'ALENE**  
Kootenai County, Idaho

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

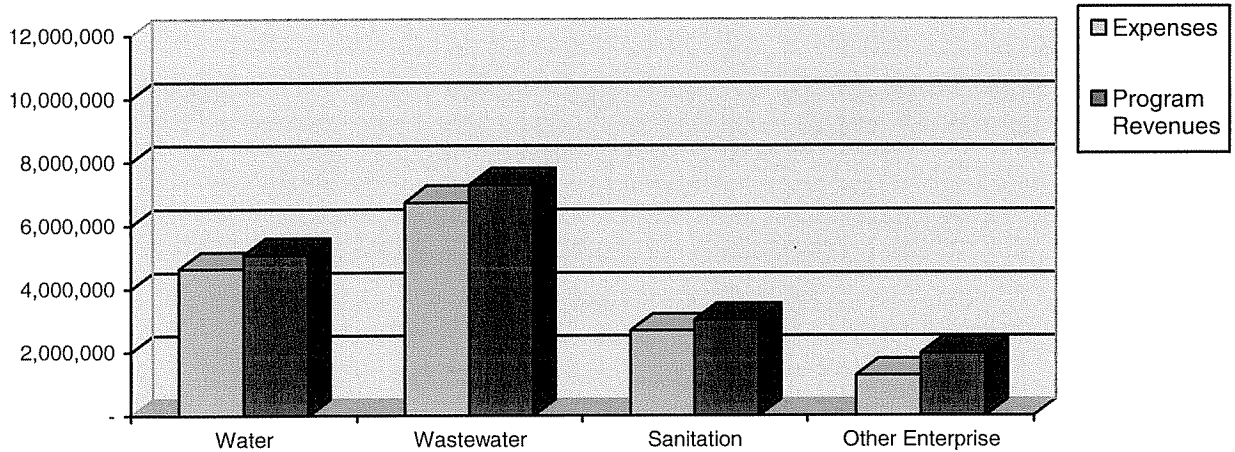
**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Revenues by Source - Governmental Activities**



**Business-Type Activities** – Business-type activities increased the City's net assets by \$273,601, which impacted the City's business-type net assets by .18%. This increase was primarily the result of an increase in Stormwater reserves for future stormwater projects.

**Expenses and Program Revenues - Business-Type Activities**

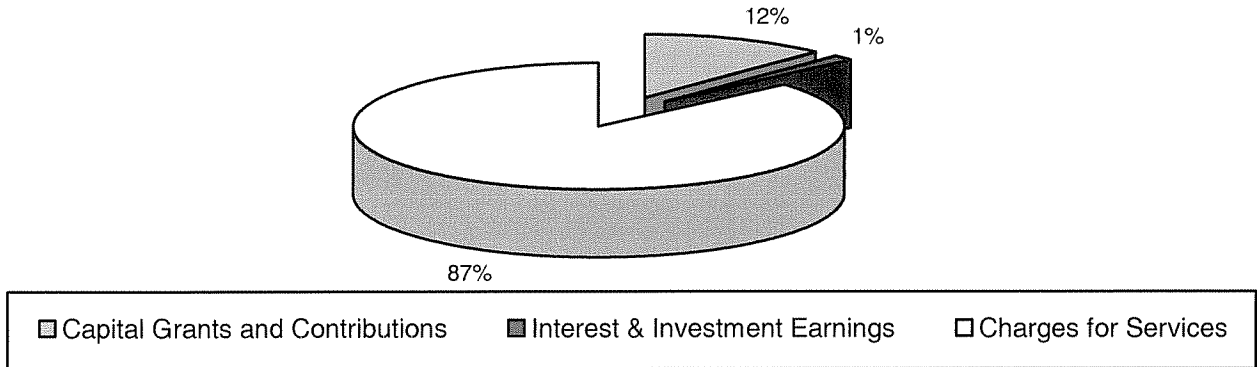


CITY OF COEUR D'ALENE  
Kootenai County, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Revenues by Source - Business-type Activities



**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, unreserved 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 \$14,730,339 a decrease of \$1,328,162 in comparison with the prior year. Of the \$14,730,339 fund balance \$5,224,849 is unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service, insurance claims, future park, fire, police and street projects, and perpetual care of cemeteries.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

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

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 \$4,154,324. 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 14 percent of 2009 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 2010 from the first current-year tax settlement.

The fund balance of the City's General Fund increased \$339,521. The majority of the increase can be attributed to budgeted personnel positions that became vacant in fiscal year 2008-2009 that were not filled.

The General Obligation Bonds Debt Service Fund has a total fund balance of \$1,642,468 all of which is designated to pay future debt service payments on the City's General Obligation Bonds.

The 2006 General Obligation Bonds Capital Projects Fund has a total fund balance of \$48,527. These funds are designated for improvements to Fire Station 2.

**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 assets of the enterprise funds at the end of the year amounted to \$24,771,892. The total increase in net assets for the funds was \$273,601. This increase was primarily the result of an increase in Stormwater reserves for future stormwater projects.

**GENERAL FUND BUDGET HIGHLIGHTS**

The City's General Fund budget was amended once during the fiscal year. The amendments increased the General Fund budget before transfers out by \$280,225. The larger amendments were as follows: \$129,580 for a various State and Federal grants received by the Police Department, \$50,229 to build a police substation building in the City Park and \$62,000 was a carryover from the previous year for a Parks Shop building.

Actual General Fund revenues of \$25,555,296 and expenditures of \$27,375,600 were both within 7 percent of the final amended 2009 budget. Actual revenues were 5.28 percent less than the City's original budget and actual expenditures were 5.75 percent less than the City's original budget.

Overall expenditures before transfers were \$1,948,948 under the final amended budget and \$1,668,723 under the original budget. Overall revenues before transfers were \$152,366 under the final amended budget of \$25,707,662 and \$1,425,543 under the original budget of \$26,980,839.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

**CAPITAL ASSETS**

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2009, amounts to \$277,691,606. This investment in capital assets includes land, buildings, infrastructure, machinery and equipment and vehicles. This balance represents a net increase of \$2,049,345 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 capital assets can be attributed to the expansion of the wastewater treatment plant.

**LONG-TERM DEBT**

The City's long-term bonded debt decreased by \$2,743,650 in 2009; leaving a balance of \$25,588,840 at year-end. Additional details of long-term debt activity for the year can be found in Note 6 in the notes to the basic financial statements.

In 2006 Moody's Investor Service assigned a rating of A1 to the City of Coeur d'Alene, General Obligation Funding and Refunding Bonds, Series 2006 in the amount of \$9.5 million. At that time, Moody's also assigned an A1 rating to the City's outstanding general obligation debt in the approximate amount of \$3.2 million. The bonds are secured by the full faith, credit and unlimited tax pledge of the City. The A1 rating primarily reflected the City's moderately sized but rapidly growing tax base, favorable wealth levels, healthy financial position, strong management and modest debt burden.

State statutes limit the amount of general obligation debt a government entity may issue to 2 percent of assessed market value. The current debt limitation for the City is \$68,579,488 which is significantly higher than the City's net outstanding general obligation debt of \$7,759,820.

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

The Nation is in a recession which is impacting private sector businesses as well as government. The Federal Government is economically stimulating the situation with hundreds of billions of dollars. The City of Coeur d'Alene may receive some of this stimulus money for special projects and possibly for adding staff in public safety.

The State of Idaho is seeing decreased revenues in sales tax, gas tax and corporate as well as personal income tax. The City will be impacted by the sales tax and gas tax revenue and has decreased its anticipated income by 8% as compared to the 2009 budget.

Next year's City budget will be very restricted due to the dramatic decrease in residential and commercial construction. The fee income from these two sources could be down over 40% from the 2007 actual income. The City relies on new construction revenue to maintain employee wage and benefit contracts. These fees are also critical to adding any new staff. New hires will only occur with new dedicated fund sources or through Federal allocations.

Any increases to fees greater than 5% will be carefully studied and brought forward to the Mayor and Council at a public hearing. The only fee increases being looked at this year will be for services that cost more to provide than the fee generated.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Coeur d'Alene, Finance Director, 710 Mullan Avenue, Coeur d'Alene, ID 83814.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

City of Coeur d'Alene, Idaho

STATEMENT OF NET ASSETS

September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lake City Development Corporation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,176,449	\$ 20,143,825	\$ 32,320,274	\$ 6,404,625
Investments	1,852,403		1,852,403	
Receivables:				
Taxes delinquent	744,823		744,823	137,651
Accounts receivable	561,072	2,186,682	2,747,754	6,808
Special assessments	523,623	65,449	589,072	
Notes receivable				2,830,296
Due from other governments	2,511,328		2,511,328	
Loan costs				42,872
Deposits				12,036
Capital assets:				
Land	8,611,865	2,031,210	10,643,075	2,846,918
Other capital assets, net of accumulated depreciation	117,215,064	149,833,467	267,048,531	1,921,670
Unamortized issue costs, net of amortization		36,970	36,970	
Total assets	<u>144,196,627</u>	<u>174,297,603</u>	<u>318,494,230</u>	<u>14,202,876</u>
<b>LIABILITIES</b>				
Accounts payable	2,371,128	1,217,045	3,588,173	833,009
Accrued payroll and related costs	444,137		444,137	3,596
Due to other governments				1,005
Deposit	626		626	15,111
Accrued interest payable	54,965	190,524	245,489	34,617
Long-term liabilities:				
Due within one year	1,731,728	899,246	2,630,974	495,655
Due in more than one year	10,091,863	15,975,543	26,067,406	9,050,902
Total liabilities	<u>14,694,447</u>	<u>18,282,358</u>	<u>32,976,805</u>	<u>10,433,895</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	116,224,081	131,243,353	247,467,434	1,694,514
Restricted for:				
Debt service	2,250,506		2,250,506	
Capital projects	48,527		48,527	
Other purposes	7,206,457		7,206,457	
Unrestricted	3,772,609	24,771,892	28,544,501	2,074,467
Total net assets	<u>\$ 129,502,180</u>	<u>\$ 156,015,245</u>	<u>\$ 285,517,425</u>	<u>\$ 3,768,981</u>

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

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

**STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2009**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 6,306,320	\$ 3,932,013	\$ 89,080	
Public safety	16,057,858		123,118	\$ 346,016
Public works	7,353,905			
Culture and recreation	4,237,679		4,425	
Administrative expense	68,228			
Interest on long-term debt	450,814			
Change in OPEB obligation	444,137			
Total governmental activities	34,918,941	3,932,013	216,623	346,016
Business-type activities:				
Water	4,646,969	4,057,613		1,030,157
Wastewater	6,744,603	6,166,671		1,128,659
Sanitation	2,692,136	3,027,441		
Other Enterprise	1,277,468	1,970,027		
Total business-type activities	15,361,176	15,221,752		2,158,816
Total primary government	\$ 50,280,117	\$ 19,153,765	\$ 216,623	\$ 2,504,832
<b>Component unit:</b>				
Lake City Development Corporation	\$ 2,951,256	\$ 205,353		
Total component unit	\$ 2,951,256	\$ 205,353	\$	\$

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
- Loss on disposal of assets
- Transfers
- Total general revenues and transfers
- Change in net assets
- Net assets - beginning
- Prior Period Adjustment
- Net assets - ending

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

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

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Lake City Development Corporation
\$ (2,285,227)		\$ (2,285,227)	
(15,588,724)		(15,588,724)	
(7,353,905)		(7,353,905)	
(4,233,254)		(4,233,254)	
(68,228)		(68,228)	
(450,814)		(450,814)	
(444,137)		(444,137)	
(30,424,289)		(30,424,289)	
	\$ 440,801	440,801	
	550,727	550,727	
	335,305	335,305	
	692,559	692,559	
	2,019,392	2,019,392	
(30,424,289)	2,019,392	(28,404,897)	
			\$ (2,745,903)
			(2,745,903)
16,529,044		16,529,044	4,909,770
781,813		781,813	
1,859,936		1,859,936	
1,460,366		1,460,366	
957,020		957,020	
6,586,257		6,586,257	
372,499	216,202	588,701	77,728
392,926		392,926	
9,000		9,000	
(124,952)		(124,952)	(77,745)
1,961,993	(1,961,993)		
30,785,902	(1,745,791)	29,040,111	4,909,753
361,613	273,601	635,214	2,163,850
129,166,790	155,741,644	284,908,434	1,605,131
(26,223)		(26,223)	
\$ 129,502,180	\$ 156,015,245	\$ 285,517,425	\$ 3,768,981

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2009**

	General	General Obligation Bonds	2006 General Obligation Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Funds</u>	<u>Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,475,483	\$ 1,425,571	\$ 49,678	\$ 7,225,717	\$ 12,176,449
Investments				1,852,403	1,852,403
Receivables:					
Taxes delinquent	660,250	40,080		44,493	744,823
Accounts receivable	334,018	211,061		15,993	561,072
Special assessments				523,623	523,623
Due from other governments	1,603,481	5,836		902,011	2,511,328
Due from LCDC					
Due from other funds	238,045			281,288	519,333
Total assets	<u>\$ 6,311,277</u>	<u>\$ 1,682,548</u>	<u>\$ 49,678</u>	<u>\$ 10,845,528</u>	<u>\$ 18,889,031</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 1,496,703		\$ 1,151	\$ 873,274	\$ 2,371,128
Due to other funds				519,333	519,333
Deposits				626	626
Deferred revenues	660,250	\$ 40,080		567,275	1,267,605
Total liabilities	<u>2,156,953</u>	<u>40,080</u>	<u>1,151</u>	<u>1,960,508</u>	<u>4,158,692</u>
Fund balances:					
Reserved for:					
Special revenue funds				7,206,457	7,206,457
Capital projects			48,527		48,527
Debt service		1,642,468		608,038	2,250,506
Unreserved:					
Designated	386,490				386,490
Undesignated, reported in:					
General fund	3,767,834				3,767,834
Special revenue fund				307,125	307,125
Debt service fund				(238,045)	(238,045)
Capital projects fund				1,001,445	1,001,445
Total fund balances	<u>4,154,324</u>	<u>1,642,468</u>	<u>48,527</u>	<u>8,885,020</u>	<u>14,730,339</u>
Total liabilities and fund balances	<u>\$ 6,311,277</u>	<u>\$ 1,682,548</u>	<u>\$ 49,678</u>	<u>\$ 10,845,528</u>	<u>\$ 18,889,031</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 ASSETS  
September 30, 2009**

Total fund balances at September 30, 2009 - Governmental Funds		\$ 14,730,339
Cost of capital assets at September 30, 2009	\$ 172,010,188	
Less: Accumulated depreciation as of September 30, 2009		
Buildings	(4,623,921)	
Equipment	(10,402,125)	
Infrastructure	(30,180,106)	
Other improvements	<u>(977,107)</u>	125,826,929
Elimination of deferred revenue		1,267,605
Accrued interest		(54,965)
OPEB Obligation		(444,137)
Long-term liabilities at September 30, 2009		
Certificates of participation	(435,000)	
Special assessments	(1,201,623)	
General obligation debt	(7,759,820)	
Bond premium net of amortization	(151,440)	
Compensated absences	<u>(2,275,708)</u>	<u>(11,823,591)</u>
Net assets at September 30, 2009		<u>\$ 129,502,180</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, 2009**

	General Fund	General Obligation Bonds Debt Service	2006 General Obligation Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 14,060,541	\$ 990,940		\$ 1,200,303	\$ 16,251,784
Licenses and permits	3,046,494	1,239,957			4,286,451
Intergovernmental	7,372,070			2,469,574	9,841,644
Charges for services	384,147			1,121,350	1,505,497
Fines and forfeits	482,101			19,731	501,832
Assessments collected				141,554	141,554
Investment earnings	131,648	36,579	\$ 4,512	199,760	372,499
Contributions				4,620	4,620
Miscellaneous	78,295			307,107	385,402
Total revenues	<u>25,555,296</u>	<u>2,267,476</u>	<u>4,512</u>	<u>5,463,999</u>	<u>33,291,283</u>
<b>EXPENDITURES</b>					
Current:					
General government	5,019,336			1,172,729	6,192,065
Public safety	15,409,944		51,711		15,461,655
Public works	4,266,431				4,266,431
Culture and recreation	2,226,159			1,232,743	3,458,902
Administrative expense				68,228	68,228
Capital outlay	453,730		506,863	3,685,894	4,646,487
Debt service:					
Principal payments		1,703,095		294,667	1,997,762
Interest and fiscal agent fees		415,829		74,079	489,908
Total expenditures	<u>27,375,600</u>	<u>2,118,924</u>	<u>558,574</u>	<u>6,528,340</u>	<u>36,581,438</u>
(Deficiency) excess of revenues					
(under) over expenditures	<u>(1,820,304)</u>	<u>148,552</u>	<u>(554,062)</u>	<u>(1,064,341)</u>	<u>(3,290,155)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issuance					
Operating transfers in	2,346,610			2,878,323	5,224,933
Operating transfers out	<u>(186,785)</u>		<u>(6,859)</u>	<u>(3,069,296)</u>	<u>(3,262,940)</u>
Total other financing sources (uses)	<u>2,159,825</u>		<u>(6,859)</u>	<u>(190,973)</u>	<u>1,961,993</u>
Net change in fund balances	339,521	148,552	(560,921)	(1,255,314)	(1,328,162)
Fund balances - beginning of year	3,814,803	1,493,916	609,448	10,140,334	16,058,501
Fund balances - end of year	<u>\$ 4,154,324</u>	<u>\$ 1,642,468</u>	<u>\$ 48,527</u>	<u>\$ 8,885,020</u>	<u>\$ 14,730,339</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, 2009

Total net changes in fund balances for year ended September 30, 2009	\$ (1,328,162)
Add: Capital outlay which is considered expenditures	4,646,487
Less: Depreciation expense for the year ended September 30, 2009	(4,496,557)
Less: Loss on asset disposal	(124,952)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	3,262,940
Less: Interfund transfers in	(3,262,940)
Less: Change in compensated absence accrual for the year ended September 30, 2009	(80,152)
Add: Capital lease payments considered as an expenditure	457,176
Add: Debt principal payments considered as an expenditure	1,540,586
Add: Donated fixed asset additions	9,000
Add: Change in accrued interest	12,871
Add: Bond Premium Amortization	26,223
Less: Change in OPEB obligation	(444,137)
Add: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	277,260
Less: Difference between revenue earned on special assessments on modified accrual basis versus revenue on special assessments on accrual basis	<u>(134,030)</u>
Change in net assets for year ended September 30, 2009	<u>\$ 361,613</u>

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

City of Coeur d'Alene, Idaho

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 September 30, 2009

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total Current Year
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,673,722	\$ 17,221,446	\$ 3,901	\$ 1,244,756	\$ 20,143,825
Receivables:					
Accounts, net of allowance					
for uncollectible accounts of \$23,353	893,314	781,854	271,381	240,133	2,186,682
Special assessments receivable		65,449			65,449
Total current assets	2,567,036	18,068,749	275,282	1,484,889	22,395,956
Non-current assets:					
Bond issuance cost, net of amortization		36,970			36,970
		36,970			36,970
Capital assets:					
Land	380,926	1,528,020		122,264	2,031,210
Other capital assets, net of accumulated depreciation	60,121,878	84,997,480		4,714,109	149,833,467
Total capital assets, net of accumulated depreciation	60,502,804	86,525,500		4,836,373	151,864,677
Total non-current assets	60,502,804	86,562,470		4,836,373	151,901,647
Total assets	63,069,840	104,631,219	275,282	6,321,262	174,297,603
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	112,535	1,066,626	58	37,826	1,217,045
Accrued interest		190,524			190,524
Current portion of compensated absences	14,441	6,336			20,777
Current portion of long-term debt		878,469			878,469
Total current liabilities	126,976	2,141,955	58	37,826	2,306,815
Non-current liabilities:					
Compensated absences	125,371	210,696		41,989	378,056
Bonds payable, net of unamortized discounts		15,597,487			15,597,487
Total non-current liabilities	125,371	15,808,183		41,989	15,975,543
Total liabilities	252,347	17,950,138	58	79,815	18,282,358
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	60,502,804	70,049,544		691,005	131,243,353
Unrestricted	2,314,689	16,631,537	275,224	5,550,442	24,771,892
Total net assets	\$ 62,817,493	\$ 86,681,081	\$ 275,224	\$ 6,241,447	\$ 156,015,245

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 ASSETS  
PROPRIETARY FUNDS  
For the Year Ended September 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Sanitation Fund</b>	<b>Other Enterprise</b>	
<b>OPERATING REVENUES</b>					
Services	\$ 4,057,613	\$ 6,166,671	\$ 3,027,441	\$ 1,970,027	\$ 15,221,752
<b>OPERATING EXPENSES</b>					
Administration	1,558,972	665,487		358,638	2,583,097
Maintenance				124,203	124,203
Pumping	176,259				176,259
Treatment	638,596	1,910,367			2,548,963
Collection		538,473			538,473
Transportation and distribution	109,665				109,665
Supplies	62,139			33,553	95,692
Contracted services			2,687,180	521,036	3,208,216
Depreciation	2,093,789	2,957,323		235,710	5,286,822
Bad debt	7,549	13,044	4,956	4,328	29,877
Total operating expenses	<u>4,646,969</u>	<u>6,084,694</u>	<u>2,692,136</u>	<u>1,277,468</u>	<u>14,701,267</u>
Operating (loss) income	<u>(589,356)</u>	<u>81,977</u>	<u>335,305</u>	<u>692,559</u>	<u>520,485</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Capitalization fees	524,917	1,128,659			1,653,576
Amortization		17,432			17,432
Investment income	14,205	172,287	1,248	11,030	198,770
Interest expense		(659,909)			(659,909)
Total nonoperating revenues (expenses)	<u>539,122</u>	<u>658,469</u>	<u>1,248</u>	<u>11,030</u>	<u>1,209,869</u>
Income before contributions and transfers	<u>(50,234)</u>	<u>740,446</u>	<u>336,553</u>	<u>703,589</u>	<u>1,730,354</u>
Capital contributions - tap fees	<u>505,240</u>				<u>505,240</u>
Operating transfers in		<u>1,489,284</u>		<u>50,000</u>	<u>1,539,284</u>
Operating transfers out	<u>(536,914)</u>	<u>(2,197,908)</u>	<u>(425,541)</u>	<u>(340,914)</u>	<u>(3,501,277)</u>
Change in net assets	<u>(81,908)</u>	<u>31,822</u>	<u>(88,988)</u>	<u>412,675</u>	<u>273,601</u>
Total net assets - beginning	<u>62,899,401</u>	<u>86,649,259</u>	<u>364,212</u>	<u>5,828,772</u>	<u>155,741,644</u>
Total net assets - ending	<u>\$ 62,817,493</u>	<u>\$ 86,681,081</u>	<u>\$ 275,224</u>	<u>\$ 6,241,447</u>	<u>\$ 156,015,245</u>

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, 2009

	Water Fund	Wastewater Fund	Sanitation Fund	Other Proprietary Funds	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 3,978,448	\$ 6,215,564	\$3,032,491	\$1,927,229	\$ 15,153,732
Payments to suppliers	(1,311,945)	(2,020,757)	(2,692,184)	(717,213)	(6,742,099)
Payments to employees	(1,348,172)	(1,891,266)		(336,333)	(3,575,771)
Net cash provided by operating activities	<u>1,318,331</u>	<u>2,303,541</u>	<u>340,307</u>	<u>873,683</u>	<u>4,835,862</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in		1,489,284		50,000	1,539,284
Operating transfers out	(536,914)	(2,197,908)	(425,541)	(340,914)	(3,501,277)
Net cash (used) by noncapital financing activities	<u>(536,914)</u>	<u>(708,624)</u>	<u>(425,541)</u>	<u>(290,914)</u>	<u>(1,961,993)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Bond payments		(295,000)			(295,000)
Loan payments		(531,073)			(531,073)
Interest paid		(656,007)			(656,007)
Capital asset purchases	(1,067,515)	(3,621,931)		(577,218)	(5,266,664)
Capitalization Fees	524,917	1,128,659			1,653,576
Net cash (used) by financing activities	<u>(542,598)</u>	<u>(3,975,352)</u>		<u>(577,218)</u>	<u>(5,095,168)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	14,205	172,287	1,248	11,030	198,770
Net cash provided by investing activities	<u>14,205</u>	<u>172,287</u>	<u>1,248</u>	<u>11,030</u>	<u>198,770</u>
Net (decrease) increase in cash and cash equivalents	253,024	(2,208,148)	(83,986)	16,581	(2,022,529)
Cash and cash equivalents, beginning of year	1,420,698	19,429,594	87,887	1,228,175	22,166,354
Cash and cash equivalents, end of year	<u>\$ 1,673,722</u>	<u>\$17,221,446</u>	<u>\$ 3,901</u>	<u>\$1,244,756</u>	<u>\$20,143,825</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating (loss) income	\$ (589,356)	\$ 81,977	\$ 335,305	\$ 692,559	\$ 520,485
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	2,093,789	2,957,323		235,710	5,286,822
(Increase) decrease in accounts receivable	(101,240)	35,861	5,049	(42,798)	(103,128)
Decrease in due from other funds	22,074				22,074
Decrease in due from special assessment receivable		13,032			13,032
Increase (decrease) in accounts payable	(122,844)	(773,839)	(47)	(17,322)	(914,052)
(Decrease) increase in compensated absences	15,908	(10,813)		5,534	10,629
Net cash provided by operating activities	<u>\$ 1,318,331</u>	<u>\$ 2,303,541</u>	<u>\$ 340,307</u>	<u>\$ 873,683</u>	<u>\$ 4,835,862</u>

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

\$505,240 of water lines were donated to the water fund by developers.

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

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

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
September 30, 2009**

	<b>Police Retirement Pension Trust Funds</b>	<b>Sales Tax Trust Agency Fund</b>	<b>Homeless Trust Agency Fund</b>	<b>Business Improvement District Agency Fund</b>	<b>Kootenai County Solid Waste Agency Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 86,835	\$ 1,149	\$ 419	\$ 145,692	\$ 192,660
Investments	1,281,678				
Due from other government unit	934				
Accounts receivable	20,578			10,497	187,967
Total assets	<u>1,390,025</u>	<u>1,149</u>	<u>419</u>	<u>156,189</u>	<u>380,627</u>
<b>LIABILITIES</b>					
Deferred revenue	20,578				
Deposits held and due to others			419	156,189	380,627
Due to other government unit		1,149			
Total liabilities	<u>20,578</u>	<u>1,149</u>	<u>419</u>	<u>156,189</u>	<u>380,627</u>
<b>NET ASSETS</b>					
Held in trust for pension benefits	<u>\$ 1,369,447</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 ASSETS  
FIDUCIARY FUNDS  
For the Year Ended September 30, 2009**

	<u><b>Police Retirement Pension Trust Fund</b></u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 150,261
	<u>150,261</u>
Investment earnings:	
Interest	52,946
Net increase in the fair value of investments	44,193
Total investment earnings	<u>97,139</u>
Total additions	<u>247,400</u>
<b>DEDUCTIONS</b>	
Benefits	211,441
Trust fees	5,602
Total deductions	<u>217,043</u>
Change in net assets	30,357
Net assets, beginning of year	<u>1,339,090</u>
Net assets, end of year	<u><u>\$ 1,369,447</u></u>

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

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The City of Coeur d'Alene 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 accompanying financial statements include all aspects controlled by the City Council of the City of Coeur d'Alene. Criteria for inclusion is determined by Governmental Accounting Standards Board Statement No. 14 (GASB No. 14) which states, in general, that legally separate organizations for which the elected officials of the City are financially accountable must be included in the City's financial statements as a component unit.

Under Idaho Code, in December 1997, the Coeur d'Alene City Council passed an ordinance which created the Coeur d'Alene Urban Renewal 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. 14 for having financial accountability for the Agency. Based on the above, the Agency has been discretely presented in the accompanying financial statements of the City as a component unit. Separate financial statements of the component unit are issued. The Agency adopted the name Lake City Development Corporation (LCDC) in the fiscal year 2001. LCDC is the only component unit of the City.

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

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

Lake City Development Corporation  
P.O. Box 3450  
Coeur d'Alene, Idaho 83816-1379

#### Government-Wide and Fund Financial Statements

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

(Continued)

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

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

#### Government-Wide and Fund Financial Statements (Continued)

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 taxes, licenses, 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.

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.

(Continued)



## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

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

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

*2006 General Obligation Bonds - Capital Projects Fund* is to administer expenditures for the purpose of the library building project and fire station remodels, construction and equipment purchases

*General Obligation Bonds Debt Service Fund* accounts for the servicing of general obligation bonds.

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

The City's fiduciary fund financial statements are presented on pages 23 and 24.

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

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

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

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.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

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

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Prepaid Items

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

#### Budgetary Accounting - Budgetary Basis

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

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

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

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

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

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

(Continued)

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

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

#### Budgetary Accounting - Budgetary Basis (Continued)

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, 2009 was amended by the amount of unscheduled revenues. The financial statements reflect the amended budget.

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

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

#### Cash and Cash Equivalents, and Investments

The City pools all individual fund cash balances in bank accounts, the State Investment Pool, and certificates of deposit, except for the investments of the Police Retirement Fund and the Cemetery Perpetual Care Fund which are held separately from those of other City funds.

Cash equivalents are defined as investments with maturities of 90 days or less at the time they are purchased by the City. Balances in checking accounts, State Pooled Investments, certificates of deposit, and U.S. Government issued investments are stated at fair value.

(Continued)

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

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

#### Due To and From Other Funds

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

#### Inventory

The City had no significant inventories on September 30, 2009.

#### 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 will continue to update this inventory. Donated fixed assets are capitalized at fair value on the date donated. Assets valued at \$5,000 or more which have a useful life of more than one year are capitalized.

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

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

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

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

#### Long-Term Obligations

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

(Continued)

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

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

#### Bond Discounts, Bond Premiums and Issuance Costs

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

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

	<u>Years</u>
Bond premium, discounts, and issuance costs:	
1995 Wastewater Revenue Bonds	11
2002 General Obligation Refunding Bonds	9
2004 Sewer Revenue Refunding Bonds	11

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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.

#### Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### 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 58% of all employees who have worked for the City for ten years or more.

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The liability for vacation, comp time, and sick leave is recorded in the statement of net assets 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, 2009, the total compensated absences payable by the City was \$2,674,539.

Compensated absences are reported as follows in the financial statements:

Governmental activities	\$2,275,707
Business-type activities	<u>398,832</u>
	<u>\$2,674,539</u>

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 2008-09 Fiscal year were as follows: police retirement - .0092, liability insurance plan - .0070, library fund - .0670, general obligation bonds .0607 and general fund -.8561.

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.

Deficit Fund Balances

Deficit fund balances as of September 30, 2009 included the capital project fund Kathleen and Howard Signal for (\$5,873), special revenue fund KMPO for (\$5,968) and debt service fund LID #145 for (\$238,045).

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.

(Continued)

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

### NOTE 2: CASH AND INVESTMENTS

Monies held in the City treasury are pooled for the purpose of investment management. Idaho Code, Title 67, Chapter 12, provides authorization for the investment of idle funds as well as specific direction as to what constitutes an allowable investment. The City invests in those instruments identified in state statutes.

The code limits investments to the following general types:

1. Certain revenue bonds, general obligation bonds, local improvement district bonds, and registered warrants of state and local government entities.
2. Time deposit accounts, tax anticipation, and interest bearing notes.
3. Bonds, treasury bills, debentures, or other similar obligations of the United States Government and the Farm Credit System.
4. Repurchase agreements.

#### Cash Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. The carrying amounts of the City's deposits with financial institutions were \$1,099,364 and the bank balance was \$2,163,358. Cash on hand on September 30, 2009 was \$2,360. The bank balance was categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the City or its agent in the City's name	\$2,028,686
Uncollateralized	<u>134,672</u>
Total bank balance	<u>\$2,163,358</u>

The carrying amounts of deposits, cash on hand and investments is as follows:

Deposits	\$ 1,099,364
Cash on hand	2,360
Investments	<u>34,779,386</u>
	<u>\$35,881,110</u>

The carrying amount of deposits, investments and cash on hand is shown in the financial statements as follows:

Governmental Activities-cash and cash equivalents	\$12,176,449
Governmental Activities-investments	1,852,403
Business-type Activities-cash and cash equivalents	20,143,825
Fiduciary Funds-Police-cash and cash equivalents	86,835
Fiduciary Funds-Police-investments	1,281,678
Fiduciary Funds-Sales Tax-cash and cash equivalents	1,149
Fiduciary Funds-Homeless Trust-cash and cash equivalents	419
Fiduciary Funds-Business Improvement-cash and cash equivalents	145,692
Fiduciary Funds – Kootenai County Solid Waste-cash and cash equivalents	<u>192,660</u>
	<u>\$35,881,110</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

Investments - Investments made by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

	Category			Carrying Amount	Fair Market Value
	1	2	3		
Repurchase Agreements	\$3,052,107			\$ 3,052,107	\$ 3,052,107
U.S. Government Securities	<u>2,999,409</u>	\$ <u>0</u>	\$ <u>0</u>	2,999,409	2,999,409
Investment in State Investment Pool				<u>28,727,870</u>	<u>28,727,870</u>
 Total Investments				 <u>\$34,779,386</u>	 <u>\$34,779,386</u>

U.S. government issued investments are stated at fair value based on quoted market prices. Investments recorded on the City's balance sheet as of September 30, 2009 do not include the \$28,727,870 invested with the state investment pool since these funds can be withdrawn with twenty-four hours notice.

The City is a voluntary participant in the Idaho Local Government Investment Pool that is regulated by Idaho Code Section 67-1210 and 67-1210A and under the oversight of the Treasurer of the State of Idaho. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value, same as the value of the pool shares, provided by the State Pool for the entire State Pool portfolio.

**NOTE 3: ACCOUNTS RECEIVABLE**

Governmental activities:

Accounts receivable consist of the following as of September 30, 2009:

Franchise and utility receivables	\$527,652
Miscellaneous receivables	<u>33,420</u>
	<u>\$561,072</u>

Business-type activities:

Accounts receivable consist of the following as of September 30, 2009:

Amounts due from customers	\$2,207,804
Less: allowance for uncollectible accounts	<u>(21,122)</u>
	<u>\$2,186,682</u>

(Continued)



## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

#### NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE

Governmental Activities:

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2009 and are recorded in the debt service fund:

Deferred principal amounts not currently due, but due at a future date \$523,623

Business-type Activities:

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2009 and are recorded in the waste water fund:

Deferred principal amounts not currently due, but due at a future date \$65,449

Installment payments of principal and interest due from property owners are billed annually.

#### NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2009, is as follows:

Plant and equipment and accumulated depreciation are as follows:

	September 30, 2008	Additions	Deletions	Adjustments	September 30, 2009
Governmental activities:					
Land	\$ 8,470,187	\$141,678			\$ 8,611,865
Buildings	18,220,446	678,109	\$(108,164)		18,790,391
Other Improvements	2,625,699	1,312,687	(48,600)		3,889,786
Equipment	15,862,924	844,097	\$(68,631)	15,343	16,653,733
Infrastructure	<u>122,385,499</u>	<u>1,678,914</u>			<u>124,064,413</u>
Total capital assets	<u>167,564,755</u>	<u>4,655,485</u>	<u>(225,395)</u>	<u>15,343</u>	<u>172,010,188</u>
Less: accumulated depreciation					
Buildings	4,108,887	545,568	20,473	10,061	4,623,921
Other Improvements	849,643	145,602	11,340	6,798	977,107
Equipment	9,510,640	927,915	68,631	(32,201)	10,402,125
Infrastructure	<u>27,302,634</u>	<u>2,877,473</u>		<u>(1)</u>	<u>30,180,106</u>
Total accumulated depreciation	<u>41,771,804</u>	<u>4,496,558</u>	<u>100,444</u>	<u>(15,343)</u>	<u>46,183,259</u>
Governmental activities					
capital assets net	<u>\$125,792,951</u>	<u>\$(158,927)</u>	<u>\$124,951</u>	<u>\$-0-</u>	<u>\$125,826,929</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

	September 30, 2008	Additions	Deletions	Adjustments	September 30, 2009
Business-type activities:					
Land	\$ 2,031,209				\$ 2,031,209
Réservoir	6,069,282				6,069,282
Wells and Booster Stations	7,608,166				7,608,166
Distribution System	69,429,880	\$1,371,847			70,801,727
Collection	35,013,807	796,136			35,809,943
Plant	79,747,210	4,032,702			83,779,912
Street Lights	775,932				775,932
Equipment	7,802,056	564,389	\$(15,343)		8,351,102
Improvements	6,012,586	537,115			6,549,701
Total capital assets	<u>214,490,128</u>	<u>7,302,189</u>	<u>(15,343)</u>		<u>221,776,974</u>
Less: accumulated depreciation					
Reservoir	1,776,416	263,060			2,039,476
Wells and Booster Stations	2,925,866	175,658			3,101,524
Distribution System	21,813,887	1,464,925			23,278,812
Collection	6,367,156	615,116			6,982,272
Plant	26,273,134	2,188,705			28,461,839
Street Lights	413,633	26,597			440,230
Equipment	2,864,913	387,503	15,343		3,237,073
Improvements	2,205,813	165,258			2,237,071
Total accumulated depreciation	<u>64,640,818</u>	<u>5,286,822</u>	<u>15,343</u>		<u>69,912,297</u>
Business-Type activities capital assets net	<u>\$149,849,310</u>	<u>\$2,015,367</u>	<u>\$</u>	<u>\$</u>	<u>\$151,864,677</u>

Depreciation expense was charged to functions/programs for the primary government as follows:

Governmental activities:	
General government	\$ 106,588
Public works	3,070,016
Culture and Recreations	769,768
Public Safety	554,710
Total depreciation expense – governmental activities	<u>\$4,501,082</u>

Business-type activities:	
Water	\$2,093,789
Waste water	2,957,323
Street lighting	26,597
Storm water	176,077
Public Parks	33,036
Total depreciation expense – business-type activities	<u>\$5,286,822</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

Long-term liability activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$9,332,915		\$(1,573,095)	\$ 7,759,820	\$1,170,023
Special assessment bonds payable	1,496,290		(294,666)	1,201,624	284,285
Deferred amounts:					
For issuance premium	177,663		(26,223)	151,440	26,223
Total bonds payable	11,006,868		(1,893,984)	9,112,884	1,480,531
Certificates of Participation	565,000		(130,000)	435,000	135,000
Compensated absences	2,195,555	\$80,152		2,275,707	116,197
Governmental activities Long-term liabilities	<u>\$13,767,423</u>	<u>\$80,152</u>	<u>\$(2,023,984)</u>	<u>\$11,823,591</u>	<u>\$1,731,728</u>
Business-type activities:					
Revenue bonds payable	\$ 17,156,574		\$ (826,072)	\$16,330,502	\$ 854,875
Deferred amounts:					
For issuance premium	169,048		(23,594)	145,454	23,594
Total bonds payable	17,325,622		(849,666)	16,475,956	878,469
State Loan Payable					
Compensated absences	398,393	439		398,832	20,777
Business-type activities Long-term liabilities	<u>\$ 17,724,015</u>	<u>\$439</u>	<u>\$(849,666)</u>	<u>\$16,874,788</u>	<u>\$ 899,246</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, 2009 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
2007 Sewer Revenue Refunding Bonds					
	2010	3.75%	\$ 544,875	\$ 528,234	\$ 1,073,109
	2011	3.75%	565,500	507,610	1,073,110
	2012	3.75%	585,587	487,522	1,073,109
	2013	3.75%	609,070	464,039	1,073,109
	2014	3.75%	632,124	440,985	1,073,109
	2015	3.75%	656,051	417,058	1,073,109
	2016	3.75%	679,826	393,283	1,073,109
	2017	3.75%	706,616	366,493	1,073,109
	2018	3.75%	733,363	339,746	1,073,109
	2019	3.75%	761,122	311,987	1,073,109
	2020	3.75%	789,176	283,934	1,073,110
	2021	3.75%	819,803	253,306	1,073,109
	2022	3.75%	850,834	222,275	1,073,109
	2023	3.75%	883,039	190,070	1,073,109
	2024	3.75%	916,058	157,051	1,073,109
	2025	3.75%	951,138	121,971	1,073,109
	2026	3.75%	987,140	85,969	1,073,109
	2027	3.75%	1,024,504	48,605	1,073,109
	2028	3.75%	514,676	9,864	524,540
Total 2007 sewer revenue bonds			<u>\$14,210,502</u>	<u>\$5,630,002</u>	<u>\$19,840,504</u>

In December of 2004, the City issued \$3,560,000 of revenue bonds for a current refunding of a 1995 Sewer revenue bond in the amount of \$3,679,369. The refunding was undertaken to reduce total future debt service payments. The total debt service cash flow requirements, including interest of the refunding bonds exceeds that of the old bonds in the amount of \$7,727. This would assume that all payments were made as scheduled to maturity. In addition, the "economic gain" resulting from the transaction amounted to \$50,074. The "economic gain" is defined as the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate of the new debt taking into account amounts of additional cash paid at the time of the refunding.

2004 Sewer Revenue Refunding Bonds					
	2010	5.00	\$ 310,000	\$106,000	\$ 416,000
	2011	5.00	325,000	90,500	415,500
	2012	5.00	345,000	74,250	419,250
	2013	5.00	360,000	57,000	417,000
	2014	5.00	380,000	39,000	419,000
	2015	5.00	400,000	20,000	420,000
Total 2004 sewer revenue bonds			<u>\$2,120,000</u>	<u>\$386,750</u>	<u>\$2,506,750</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

The City pledges income derived on the acquired or constructed assets to pay debt service.

General Obligation Bonds payable for the governmental activities at September 30, 2009 consist of the following issue:

Issue	FY End	Rate	Principal	Interest	Total
	9-30				
2008 Public Safety Bonds:					
	2010	3.93%	\$ 30,023	\$22,099	\$ 52,122
	2011	3.93%	25,693	20,962	46,655
	2012	3.93%	119,263	19,032	138,295
	2013	3.93%	123,428	14,305	137,733
	2014	3.93%	134,374	9,346	143,720
	2015	3.93%	137,039	4,039	141,078
Total 2008 Public Safety Bonds:			<u>\$569,820</u>	<u>\$89,783</u>	<u>\$659,603</u>

Issue	FY End	Rate	Principal	Interest	Total
	9-30				
2006 Public Safety and Library Bonds:					
	2010	4.25%	\$ 715,000	\$ 283,225	\$ 998,225
	2011	4.25%	750,000	252,838	1,002,838
	2012	4.25%	780,000	220,962	1,000,962
	2013	4.25%	815,000	187,812	1,002,812
	2014	4.25%	845,000	153,175	998,175
	2015-2019	4.25-4.50%	1,485,000	396,163	1,881,163
	2020-2024	4.50-5.00%	925,000	175,725	1,100,725
	2025	4.50%	210,000	9,450	219,450
Total 2006 Public Safety and Library Bonds:			<u>\$6,525,000</u>	<u>\$1,679,350</u>	<u>\$8,204,350</u>

Issue	FY End	Rate	Principal	Interest	Total
	9-30				
2002 Street Improvement Refunding Bonds:					
	2010	4.00%	\$230,000	\$18,800	\$248,800
	2011	4.00%	240,000	9,600	249,600
Total 2002 Street Improvement bonds			<u>\$470,000</u>	<u>\$28,400</u>	<u>\$498,400</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

Issue	FY End 9-30	Rate	Principal	Interest	Total
2000 Street Improvement Bonds:					
	2010	5.30%	\$ 195,000	\$ 8,873	\$ 203,873
Total 2000 street improvement bonds			<u>195,000</u>	<u>8,873</u>	<u>208,873</u>
Total General Obligation Bonds			<u>\$7,759,820</u>	<u>\$1,806,406</u>	<u>\$9,566,226</u>

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 with equal amounts of principal maturing each year.

Special assessment bonds payable at September 30, 2009 from benefited property owners and, in the event of default, from the LID Guarantee fund is composed of the following issues:

Issue	FY End 30-Sep	Rate	Principal	Interest	Total
#124 & 125	2010	4.00%	\$ 44,022	\$ 5,497	\$ 49,519
	2011	4.00%	45,783	3,736	49,519
	2012	4.00%	47,616	1,903	49,519
#127 & #128	2010	4.00%	44,359	5,539	49,898
	2011	4.00%	46,133	3,764	49,897
	2012	4.00%	47,978	1,919	49,897
#129 & 132	2010	4.00%	35,904	13,231	49,135
	2011	4.00%	37,340	11,795	49,135
	2012	4.00%	38,805	10,329	49,134
	2013	4.00%	40,386	8,749	49,135
	2014	4.00%	42,001	7,134	49,135
	2015	4.00%	43,681	5,453	49,134
	2016	4.00%	45,419	3,717	49,136
	2017	4.00%	47,197	1,929	49,126

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

Special Assessment Bonds (Continued)

<u>Issue</u>	<u>FY End 30-Sep</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
#130, 135 & 136	2010	6.05%	90,000	17,933	107,933
	2011	6.05%	35,000	12,488	47,488
	2012	6.10%	40,000	10,370	50,370
	2013	6.10%	40,000	7,930	47,930
	2014	6.10%	45,000	5,490	50,490
	2015	6.10%	45,000	2,745	47,745
#146	2010	4.20%	70,000	13,450	83,450
	2011	4.40%	75,000	10,510	85,510
	2012	4.60%	75,000	7,210	82,210
	2013	4.70%	80,000	3,760	83,760
Total special assessment bonds payable			<u>\$1,201,624</u>	<u>\$176,581</u>	<u>\$1,378,205</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

Certificates of Participation are as follows at September 30, 2009. The Certificates were issued on May 1, 2001 to finance the cost of constructing and equipping a fire station and related improvements.

Issue	FY End	Rate	Principal	Interest	Total
	30-Sep				
2001 Certificates of Participation:					
	2010	5.55%	\$135,000	\$24,598	\$159,598
	2011	5.65%	145,000	17,105	162,105
	2012	5.75%	<u>155,000</u>	<u>8,913</u>	<u>163,913</u>
Total 2001 Certificates of Participation			<u>\$435,000</u>	<u>\$50,616</u>	<u>\$485,616</u>

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

Year	General Obligation Bonds	Special Assessment Bonds	Compensated Absences	Certificates of Participation	Total (Memo Only)
Unknown			\$2,275,707		\$ 2,275,707
2010	\$1,170,023	\$ 284,285		\$135,000	1,589,308
2011	1,015,693	239,256		145,000	1,399,949
2012	899,263	249,399		155,000	1,303,662
2013	938,428	160,386			1,098,814
2014	979,374	87,001			1,066,375
Thereafter	<u>2,757,039</u>	<u>181,297</u>			<u>2,938,336</u>
	<u>\$7,759,820</u>	<u>\$1,201,624</u>	<u>\$2,275,707</u>	<u>\$435,000</u>	<u>11,675,152</u>
			Plus issuance premium - net		<u>151,440</u>
			Total Govt Long-term liabilities		<u>\$11,823,591</u>

(Continued)



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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

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

<u>Year</u>	<u>Wastewater 2008 Revenue Bonds</u>	<u>Wastewater 2004 Revenue Bonds</u>	<u>Compensated Absences</u>	<u>Total (Memo Only)</u>
Unknown			\$398,832	\$ 398,832
2010	\$ 544,875	\$ 310,000		854,875
2011	565,500	325,000		890,500
2012	585,587	345,000		930,587
2013	609,070	360,000		969,070
2014	632,124	380,000		1,012,124
Thereafter	11,273,346	400,000		11,673,346
Total	14,210,502	2,120,000		16,729,334
Plus issuance premium - net				145,454
	<u>\$14,209,872</u>	<u>\$2,120,000</u>	<u>\$398,832</u>	<u>\$16,874,788</u>

Capital lease purchase obligations

There are a number of covenants, limitations and other requirements contained in the various bond indentures. The City is in substantial compliance with these requirements at September 30, 2009.

**NOTE 8: INTERFUND TRANSACTIONS**

Due to/from other funds as of September 30, 2009:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Funds-LID 145	\$238,045
Total All Funds		<u>\$238,045</u>

Interfund transfers as of September 30, 2009:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,346,610	\$ 186,785
Debt Service Funds	91,083	41,084
Capital Projects	753,332	140,344
Special Revenue Funds	1,789,300	2,650,119
Enterprise Funds	<u>1,539,284</u>	<u>3,501,277</u>
Total	<u>\$6,519,609</u>	<u>\$6,519,609</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.

(Continued)

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

### NOTE 9: SELF-INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. During the fiscal year ended September 30, 1988, the City established a self-insurance program. An insurance fund (special revenue fund) has been set up to account for property tax revenues levied for this purpose and to record transfers from other funds to meet the insurance needs of the City. The insurance fund is responsible for paying claim settlements for all funds of the City, except for the enterprise funds. In addition, it pays insurance premiums for certain insurance policies which the City has chosen to continue. Under the program, the City has chosen to self-insure for all potential claims with the exception of auto liability and property insurance. There were no settlements that exceeded insurance coverage in the last three fiscal years. The cash reserves are designated for future catastrophic losses in any governmental fund and are available on a loan basis to any enterprise fund that has a claim against it that it is unable to pay.

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

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. At September 30, 2009, there were no liabilities in the insurance fund that were probable and could be reasonably estimated.

	September 30 2009	September 30 2008
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims	30,991	143,987
Claim payments	30,991	143,987
Unpaid claims, end of fiscal year	\$ _____	\$ _____

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

#### Health Insurance

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

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

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

#### 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. Numerous matters exist at September 30, 2009, 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. Management is currently unable to estimate the magnitude of the loss, if any, that would result from an unfavorable outcome from certain of these matters. Accordingly, no liability or loss has been recognized in the accompanying basic financial statements.

The City has chosen to self-insure for most of its risk of loss arising from claims against the City. See Note 9 for a description of the City's self-insurance program.

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

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

#### CONDENSED STATEMENT OF NET ASSETS

	Water Funds	Wastewater Funds
Assets:		
Current assets	\$ 2,567,036	\$18,068,750
Bond issuance cost and bond discounts net of amortization		36,970
Capital assets	60,502,804	86,525,500
Total assets	63,069,840	104,631,220
Liabilities:		
Current liabilities	126,976	2,141,956
Noncurrent liabilities	125,371	15,808,183
Total liabilities	252,347	17,950,139
Net assets:		
Invested in capital assets, net of related debt	60,502,804	70,049,544
Unrestricted	2,314,689	16,631,536
Total net assets	\$62,817,493	\$86,681,081

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

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

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

	<u>Water Funds</u>	<u>Wastewater Funds</u>
Charges for services	\$ 4,057,613	\$ 6,166,671
Depreciation expense	(2,093,789)	(2,957,323)
Other operating expenses	<u>(2,553,180)</u>	<u>(3,127,371)</u>
Operating income	(589,356)	81,977
Nonoperating revenues (expenses):		
Capitalization fees	524,917	1,128,659
Investment earnings	14,205	172,287
Interest expense		(659,909)
Amortization		17,432
Capital contributions	505,240	
Operating transfer out	<u>(536,914)</u>	<u>(708,624)</u>
Change in net assets	(81,908)	31,822
Beginning net assets	<u>62,899,401</u>	<u>86,649,259</u>
Ending net assets	<u>\$62,817,493</u>	<u>\$86,681,081</u>

**CONDENSED STATEMENT OF CASH FLOWS**

	<u>Water Funds</u>	<u>Wastewater Funds</u>
Net cash provided (used) provided by:		
Operating activities	\$ 1,318,330	\$ 2,303,541
Noncapital financing activities	(536,914)	(708,624)
Capital and related financing activities	(542,598)	(3,975,352)
Investing activities	<u>14,205</u>	<u>172,287</u>
Net change	253,023	(2,208,148)
Beginning cash and cash equivalents	<u>1,420,698</u>	<u>19,429,594</u>
Ending cash and cash equivalents	<u>\$ 1,673,721</u>	<u>\$17,221,446</u>

# City of Coeur d'Alene, Idaho

## NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

### NOTE 12: DESIGNATED FUND BALANCES

General fund balances designated for specific purposes consisted of the following as of September 30, 2009.

Repavement of Rotary Tennis Courts	\$ 35,884
LID Reserve	80,000
KCJA Drug Task Force	86,244
Police Drug Dog	1,866
Bellerive Subdivision Agreement	25,000
Sick Leave Option 2	<u>157,496</u>
Total designated	<u>\$386,490</u>

### NOTE 13: COMPONENT UNIT DISCLOSURES

As disclosed in Note 1, the Lake City Development Corporation 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 Investments

Cash received by the Agency is pooled for investment purposes and is presented as "Cash and Investments" on the financial statements.

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation does not have a deposit policy for custodial risk. The carrying amount of the Corporation's deposits is \$6,404,625 and the bank balance is \$6,412,585. As of September 30, 2009, \$715,766 of the Corporation's bank balance was exposed to custodial credit risk as follows.

Amount insured by FDIC	\$ 1,747,616
Amount collateralized with securities	3,949,203
Uninsured and uncollateralized	<u>715,766</u>
	<u>\$6,412,585</u>

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

#### NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

##### Capital Assets

Activity for Lake City Development Corporation fiscal year ended September 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$2,846,918	_____	_____	\$2,846,918
Total capital assets not being depreciated	<u>2,846,918</u>	_____	_____	<u>2,846,918</u>
Capital assets being depreciated:				
Buildings and sites	<u>2,302,889</u>	_____	\$ 85,200	<u>2,217,689</u>
Total capital assets being depreciated	<u>2,302,889</u>	_____	_____	<u>2,217,689</u>
Less accumulated depreciation for:				
Buildings and sites	<u>245,605</u>	\$ 57,869	<u>7,455</u>	<u>296,019</u>
Total accumulated depreciation	<u>245,605</u>	<u>57,869</u>	<u>7,455</u>	<u>296,019</u>
Total capital assets, being depreciated, net	<u>2,057,284</u>	<u>(57,869)</u>	<u>(77,745)</u>	<u>2,057,284</u>
Governmental activities capital assets, net	<u>\$4,904,202</u>	<u>\$(57,869)</u>	<u>\$(77,745)</u>	<u>\$4,768,588</u>

During the fiscal year, \$57,869 in depreciation expense was charged to the property rental function.

##### Agency Notes Payable

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

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

On April 1, 2008, in lieu of remitting the balloon payment due, the Corporation refinanced the balance through Washington Trust Bank. The total amount refinanced was \$752,047. Repayment terms are monthly payments due the first of each month, bearing interest at the rate of 4.0%. A balloon payment in the amount of \$555,676 is due April 1, 2013. The annual requirement to retire the debt is as follows:

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2010	4.00%	\$ 39,390	\$27,628	\$ 67,018
2011	4.00%	41,018	25,999	67,017
2012	4.00%	42,714	24,304	67,018
2013	4.00%	<u>575,783</u>	<u>13,367</u>	<u>589,150</u>
		<u>\$698,905</u>	<u>\$91,298</u>	<u>\$790,203</u>

On July 19, 2002, the Corporation entered into a contract to purchase property at 620 N. Park Drive. The total purchase price was \$80,000, of which \$16,000 was paid at closing. Repayment terms are monthly payments, due the 15th of each month, bearing interest at the rate of 4.65%. A balloon payment in the amount of \$46,910 is due July 15, 2012. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	4.65%	\$ 1,936	\$2,398	\$ 4,334
2011	4.65%	2,028	2,306	4,334
2012	4.65%	<u>47,972</u>	<u>1,868</u>	<u>49,840</u>
		<u>\$51,936</u>	<u>\$6,572</u>	<u>\$58,508</u>

On January 10, 2003, the Corporation entered into a contract to purchase property at 622 N. Park Drive. The total purchase price was \$69,000, of which \$13,800 was paid at closing. Repayment terms are monthly payments of \$347.27, including interest at 4.37%.

On January 10, 2008 the Corporation refinanced this note payable through Washington Trust Bank. The total amount refinanced was \$45,765. Repayment terms are monthly payments due the tenth of each month, bearing interest at the rate of 4.17%. A balloon payment in the amount of \$33,941 is due January 10, 2013. The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2010	4.17%	\$ 2,396	\$1,730	\$ 4,126
2011	4.17%	2,499	1,627	4,126
2012	4.17%	2,607	1,519	4,126
2013	4.17%	<u>34,489</u>	<u>482</u>	<u>34,971</u>
		<u>\$41,991</u>	<u>\$5,358</u>	<u>\$47,349</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On August 7, 2003, the Corporation entered into a contract to purchase property at 612 N. Park Drive. The total purchase price was \$83,500, of which \$16,700 was paid at closing. Repayment terms are monthly payments of \$394.75, including interest at 3.70%. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	3.70%	\$ 2,876	\$ 1,861	\$ 4,737
2011	3.70%	2,984	1,753	4,737
2012	3.70%	3,097	1,640	4,737
2013	3.70%	42,504	1,549	44,053
		<u>\$ 51,461</u>	<u>\$ 6,803</u>	<u>\$ 58,264</u>

On May 21, 2004, the Corporation entered into a contract to purchase property at 515 W. Garden Avenue. The total purchase price was \$342,569, of which \$53,569 was paid at closing. Repayment terms are monthly payments of \$1,662, including interest at 4.75%. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	4.75%	\$ 8,116	\$ 11,823	\$ 19,939
2011	4.75%	8,510	11,429	19,939
2012	4.75%	8,923	11,016	19,939
2013	4.75%	9,356	10,582	19,938
2014	4.75%	217,656	7,335	224,991
		<u>\$ 252,561</u>	<u>\$ 52,185</u>	<u>\$304,746</u>

On October 24, 2003, the Corporation entered into a contract to purchase property at 626 N Park Drive. The total purchase price was \$105,000, of which \$21,000 was paid at closing. Repayment terms are; 60 monthly payments of \$515.52, including interest at 4.12%, 59 monthly payments of \$642.55, including interest at 6.78% and a final payment of \$51,832 on November 15, 2013. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	6.78%	\$ 3,302	\$ 4,409	\$ 7,711
2011	6.78%	3,533	4,178	7,711
2012	6.78%	3,780	3,931	7,711
2013	6.78%	4,044	3,666	7,710
2014	6.78%	51,864	612	52,476
		<u>\$ 66,523</u>	<u>\$ 16,796</u>	<u>\$ 83,319</u>

(Continued)



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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On January 4, 2005, the Corporation entered into a contract to purchase property at 632 Park Drive. The total purchase price was \$120,000, of which \$18,000 was paid at closing. Repayment terms are; 60 monthly payments of \$578.61, including interest at 4.29%, 59 monthly payments of \$716.41, including interest at 6.90% and a final payment of \$73,534.89 on January 15, 2015. In fiscal year 2008-2009 the entire balance was paid off.

On March 30, 2005, the Corporation entered into a contract to purchase property at 516 Park Drive. The total purchase price was \$170,000, of which \$25,500 was paid at closing. Repayment terms are; 60 monthly payments of \$811.56, including interest at 4.58%, 59 monthly payments of \$1,032.80, including interest at 7.58% and a final payment of \$111,879 on April 15, 2015. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	7.58%	\$ 3,399	\$ 7,446	\$ 10,845
2011	7.58%	2,927	9,467	12,394
2012	7.58%	3,156	9,238	12,394
2013	7.58%	3,404	8,990	12,394
2014	7.58%	3,671	8,723	12,394
2015	7.58%	113,085	5,000	118,085
		<u>\$129,642</u>	<u>\$48,864</u>	<u>\$178,506</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On July 14, 2005, the Corporation entered into a contract to purchase property at 518 N Park Drive. The total purchase price was \$220,000, of which \$33,000 was paid at closing. Repayment terms are; monthly payments of \$1,051.87, including interest at 4.55% and a final payment of \$136,079 on July 14, 2015. The annual requirements to retire the debt are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	4.55%	\$ 5,076	\$ 7,546	\$ 12,622
2011	4.55%	5,312	7,310	12,622
2012	4.55%	5,559	7,063	12,622
2013	4.55%	5,817	6,805	12,622
2014	4.55%	6,087	6,535	12,622
2015	4.55%	140,457	5,209	145,666
		<u>\$168,308</u>	<u>\$40,468</u>	<u>\$208,776</u>

On April 1, 2005, the Corporation entered into a contract to purchase property at 211 N 4th Street. The total purchase price was \$275,000, of which \$41,250 was paid at closing. Repayment terms are; 60 monthly payments of \$1,323.20, including interest at 4.58%, 59 monthly payments of \$1,683.91, including interest at 7.58% and a final payment of \$178,908.68 on April 15, 2015. The annual requirements to retire the debt are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	7.58%	\$ 5,682	\$12,000	\$ 17,682
2011	7.58%	4,966	15,241	20,207
2012	7.58%	5,356	14,851	20,207
2013	7.58%	5,776	14,431	20,207
2014	7.58%	6,230	13,977	20,207
2015	7.58%	181,129	7,905	189,034
		<u>\$209,139</u>	<u>\$78,405</u>	<u>\$287,544</u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On October 14, 2005, the Corporation entered into a contract to purchase property at 712 E. Young Ave. The total purchase price was \$415,000, of which \$62,250 was paid at closing. Repayment terms are; 60 monthly payments of \$1,981, including interest at 4.55%, 59 monthly payments of \$1,983.78, including interest at 4.68% and a final payment of \$261,415 on October 10, 2016. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	4.55%	\$ 9,014	\$14,761	\$ 23,775
2011	4.68%	9,079	14,723	23,802
2012	4.68%	9,490	14,315	23,805
2013	4.68%	9,954	13,851	23,805
2014	4.68%	10,442	13,363	23,805
2015	4.68%	10,953	12,852	23,805
2016	4.68%	262,025	1,047	263,072
		<u>\$320,957</u>	<u>\$84,912</u>	<u>\$405,869</u>

On February 17, 2006, the Corporation entered into a contract to purchase properties at 813, 815 and 817 N. 4th Street. The total purchase price was \$292,500, of which \$43,875 was paid at closing. Repayment terms are; 60 monthly payments of \$1,403, including interest at 4.64%, 59 monthly payments of \$1,403, including interest at 7.62% and a final payment of \$219,238 on February 15, 2016. In fiscal year 2008-2009 the entire balance was paid off.

On April 21, 2006, the Corporation entered into a contract to purchase property at 301 E Lakeside Ave. The total purchase price was \$625,000, of which \$62,500 was paid at closing. Repayment terms are; 60 monthly payments of \$3,277, including interest at 4.88%, 59 monthly payments of \$3,277, including interest at 4.88% and a final payment of \$419,003 on May 5, 2016. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	4.82%	\$ 13,534	\$ 25,791	\$ 39,325
2011	4.82%	14,227	25,098	39,325
2012	4.82%	14,955	24,370	39,325
2013	4.82%	15,721	23,605	39,326
2014	4.82%	16,525	22,801	39,326
2015	4.82%	17,370	21,956	39,326
2016	4.82%	430,255	14,146	444,401
		<u>\$522,587</u>	<u>\$157,767</u>	<u>\$680,354</u>

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

#### NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

On May 31, 2002, the Corporation entered into a contract to purchase property at 630 N. Park Avenue. The total purchase price was \$75,000, of which \$15,000 was paid at closing. A balloon payment of \$53,607 was originally due on May 31, 2007 but was refinanced. The new repayment terms are 59 monthly payments of \$346.84, due the first day of each month, bearing interest at the rate of 4.710%. A balloon payment in the amount of \$44,850 is due April 25, 2012. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	4.71%	\$ 1,838	\$2,324	\$ 4,162
2011	4.71%	1,928	2,234	4,162
2012	4.71%	45,671	1,260	46,931
		<u>\$49,437</u>	<u>\$5,818</u>	<u>\$55,255</u>

On June 18, 2002, the Corporation entered into a note payable with Washington Trust using property purchased by the Corporation the previous fiscal year as collateral for the note. The original price paid for the property at 728 Sherman was \$160,101. The amount financed was \$127,596. The original arrangement provided for a balloon payment in the amount of \$117,654 due June 25, 2007. During 2007 this debt was refinanced. The new repayment terms are 59 monthly payments of \$734.90, due on the 25th day of each month, bearing interest at the rate of 4.710%. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	4.71%	\$ 3,895	\$ 4,924	\$ 8,819
2011	4.71%	4,086	4,733	8,819
2012	4.71%	96,773	2,669	99,442
		<u>\$104,754</u>	<u>\$12,326</u>	<u>\$117,080</u>

On June 6, 2003, the Corporation entered into a contract to purchase property at 618 N. Park Drive. The total purchase price was \$83,000, of which \$8,300 was paid at closing. The original arrangement provided for a balloon payment in the amount of \$64,320, due in June of 2007. During 2007 this debt was refinanced. The new repayment terms are 59 monthly payments of \$517.22, due on the 1st day of each month, bearing interest at the rate of 5.25%. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2010	5.25%	\$ 3,258	\$2,949	\$ 6,207
2011	5.25%	3,433	2,774	6,207
2012	5.25%	50,894	1,959	52,853
		<u>\$57,585</u>	<u>\$7,682</u>	<u>\$65,267</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

During the 2006-2007 Fiscal year, the LCDC agreed to fund Coeur d'Alene Public Library construction costs totaling \$250,000 in five equal payments of \$50,000 over a five year period. One payment was made in fiscal year 2006-2007 and one in 2007-2008 leaving the remainder to be paid off over three years. During the 2008-2009 fiscal year the entire balance was paid off.

During the 2006-2007 fiscal year, the LCDC agreed to fund Kroc Community Center construction costs pertaining to LCDC approved public improvements totaling \$500,000 payable in five equal payments of \$100,000 over a five year period. Subsequent payments were made in fiscal years 2008 and 2009, leaving the remainder to be paid off over three years. The Present value and repayment terms based on an imputed interest rate of 0.00% are as follows:

<u>Fiscal year ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2010	0.00%	\$100,000	-	\$100,000
2011	0.00%	100,000	-	100,000
2012	0.00%	100,000	-	100,000
		<u>\$300,000</u>		<u>\$300,000</u>

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

<u>Fiscal year ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	4.50%	\$ 8,735	\$ 15,805	\$ 24,540
2011	4.50%	9,128	15,412	24,540
2012	4.50%	9,539	15,001	24,540
2013	4.50%	9,866	14,674	24,540
2014	4.64%	10,013	14,527	24,540
2015	4.64%	10,498	14,042	24,540
2016	4.64%	11,006	13,534	24,540
2017	4.64%	11,539	13,001	24,540
2018	4.64%	270,066	9,406	279,472
		<u>\$ 350,390</u>	<u>\$ 125,402</u>	<u>\$ 475,792</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

On April 22, 2005, Lake City Development Corporation received a Taxable Revenue Allocation Area Bond. The Corporation was approved to borrow up to \$4,000,000. This financing was used on the Mill River Development project. Maturity was set approximately twelve years from dated date, March 1 of 2017. Unscheduled principal payments were being made with any tax increment revenue not required for the scheduled interest payments for the year of income. The interest rate, initially effective at closing was equal to 30-day LIBOR rate plus 250 basis points. The interest rate was reset as of the first business day of each month at a rate equal to the 30-day LIBOR rate plus 250 basis points. Interest was calculated on an actual/360-day basis. Interest was due semiannually beginning September 1, 2005. As of September 30, 2007, Lake City Development Corporation had taken out \$3,799,931 of the available \$4,000,000.

On June 26, 2008 Lake City Development Corporation refinanced the Taxable Revenue Allocation Area Bond with Washington Trust Bank. The principal amount of the refinancing was \$3,750,000, for the term of ten years, at a fixed interest rate of 4.35%. The first payment was due on August 15, 2008 and subsequent semi-annual payments are due equal to the greater of: 1) at least 75% of the incremental portion of taxes exceeding the amount of taxes collected in the base year from the Mill River Revenue Allocation Area; or 2) the payment based on a 15 year amortization of semiannual payments of the original principal balance and interest rate of the bond. The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2010	4.35%	\$ 196,079	\$ 143,001	\$ 339,080
2011	4.35%	204,608	134,472	339,080
2012	4.35%	213,508	125,572	339,080
2013	4.35%	222,796	116,284	339,080
2014	4.35%	232,488	106,592	339,080
2015	4.35%	242,601	96,479	339,080
2016	4.35%	253,154	85,926	339,080
2017	4.35%	<u>1,722,156</u>	<u>37,457</u>	<u>1,759,613</u>
		<u>\$ 2,923,779</u>	<u>\$ 708,865</u>	<u>\$3,632,644</u>

In December, 2006, Lake City Development Corporation partnered with the North Idaho Centennial Trail Foundation (NICTF) to acquire 5.25 miles of Union Pacific (UP) abandoned rail road right-of-way. This rail road right-of-way stretches from the Riverstone development adjacent to the Spokane River north to Meyer Road in the Rathdrum Prairie. The Lake City Development Corporation loaned NICTF \$2,509,048 to acquire the UP rail road right-of-way, enabling NICTF to create the "Prairie Trail"; a pedestrian/bike trail public asset for the community. The receivable from NICTF is secured by the UP rail right-of-way. The Lake City Development Corporation funding for the NICTF loan was derived from the establishment of a \$2.6 million line of credit with Washington Trust Bank. The note payable is due in the amount of \$2,509,048 on December 21, 2011 and includes semiannual interest only payments at rate of 4.52%.

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

Midtown "Placemaking" Project Financing: On July 28, 2009, the Lake City Development Corporation entered into a \$712,435 debt obligation with Mountain West Bank to assist in financing the \$1,654,000 of Lake City Development Corporation approved public improvements related to the Midtown Placemaking project. The \$712,435 Mountain West Bank Midtown debt obligation is amortized over 10 years with a 4.80% interest rate. Tax increment proceeds generated from the Lake District will be utilized to repay both principal and interest associated with the Mountain West Bank Midtown obligation. The Lake City Development Corporation's Midtown Placemaking Project has been a long-term strategic goal designed to refurbish the existing public-realm infrastructure, as well as create a "place" to spark private sector investment. The City of Coeur d'Alene administered Midtown Placemaking project was completed on time and under budget and was officially dedicated on October 22, 2009. The loan is secured with properties owned at 720 Young Avenue, 211 N 4<sup>th</sup> Street and 612, 620 and 626 Park Road. The aforementioned properties will be released as collateral by Mountain West Bank, following favorable rulings by the Idaho Supreme Court involving two urban renewal litigation matters involving the cities of Rexburg and Nampa. The annual requirements to retire the debt are as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2010	4.80%	\$ 57,247	\$ 32,804	\$ 90,051
2011	4.80%	60,056	29,995	90,051
2012	4.80%	63,003	27,048	90,051
2013	4.80%	66,095	23,956	90,051
2014	4.80%	69,338	20,713	90,051
2015	4.80%	72,740	17,311	90,051
2016	4.80%	76,310	13,741	90,051
2017	4.80%	80,054	9,997	90,051
2018	4.80%	83,983	6,068	90,051
2019	4.80%	80,599	1,947	82,546
		<u>\$ 709,425</u>	<u>\$ 183,580</u>	<u>\$ 893,005</u>

Trails Edge Grant: In February 2007, the Lake City Development Corporation passed a motion granting \$42,194 towards offsetting the costs of the Trails Edge Development. The grant will be paid off over three years with no interest according to the following schedule:

2010	0.00%	\$ 14,065		\$14,065
2011	0.00%	14,064		14,064
		<u>\$ 28,129</u>		<u>\$28,129</u>

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)**

City of Coeur d'Alene: In fiscal year 2009, the Lake City Development Corporation retire the outstanding loan principal of \$22,170 associated with the City of Coeur d'Alene line of credit established to help fund initial redevelopment efforts in the River District.

The following is a summary of debt activity for the year ended September 30, 2009:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Library site	\$ 736,732		\$ 37,827	\$ 698,905	\$ 39,390
630 N Park Dr	51,190		1,753	49,437	1,838
728 Sherman Ave	108,468		3,714	104,754	3,895
620 N Park Dr	53,784		1,848	51,936	1,936
622 N Park Dr	44,288		2,297	41,991	2,396
618 N Park Dr	60,676		3,091	57,585	3,258
612 N Park Dr	54,233		2,772	51,461	2,876
515 W Garden Ave	260,301		7,740	252,561	8,116
626 N Park Dr	69,663		3,140	66,523	3,302
632 N Park Dr	91,983		91,983		
516 N Park Dr	133,352		3,710	129,642	3,399
518 N Park Dr	173,159		4,851	168,308	5,076
211 N 4 <sup>th</sup> Street	215,292		6,153	209,139	5,682
Mill River Project	3,475,295		551,516	2,923,779	211,896
712 E Young Ave	329,562		8,605	320,957	9,014
813-817 N 4 <sup>th</sup> St	233,893		233,893		
301 E Lakeside Ave	535,463		12,876	522,587	13,534
N ID Centennial Trail	2,509,048			2,509,048	
Library Construction Grant	150,000		150,000		
Kroc Center Grant	400,000		100,000	300,000	100,000
Trails Edge Grant		\$ 42,194	14,065	28,129	14,065
845 N 4 <sup>th</sup> St & 839 N 3 <sup>rd</sup> St	358,750		8,360	350,390	8,735
Midtown		712,435	3,010	709,425	57,247
	<u>\$10,045,132</u>	<u>\$754,629</u>	<u>\$1,253,204</u>	<u>\$9,546,557</u>	<u>\$496,655</u>

(Continued)



## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

#### NOTE 14: DEFINED BENEFIT PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI) is the administrator of a cost sharing multiple-employer public retirement system that was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request. That report may be obtained by writing to PERSI, 607 North 8th Street, Boise, Idaho 83702.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. Effective June 30, 2000, the annual service retirement allowance for each month of credited service is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive forty-two months.

For the period October 01, 2008 through September 30, 2009, the required contribution rate for general employees was 10.39% and 6.23% of covered payroll for the City of Coeur d'Alene and its employees, respectively, and 10.73% and 7.65% for police/firefighter employees. The City of Coeur d'Alene's contributions required and paid were \$2,629,034, \$2,454,785, and \$2,180,378 for the three years ended September 30, 2009, 2008, and 2007 respectively.

#### 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

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

#### NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

##### Single-Employer Defined Benefit Pension Plan (Continued)

The City's Police Retirement Fund is a closed group. No new members are permitted and no active members remained in the Fund as of May 31, 1991. All members have retired and all benefit obligations except for future cost-of-living increases have been determined. There are four members and six 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 measurement 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 funds 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.

##### 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, 2009. The City's contributions to the Fund are set to amortize the Fund's benefit liabilities over the period ending September 30, 2027. This represents a 30 year amortization of the Fund's unfunded actuarial liability. The actuary recommends a minimum yearly contribution of \$152,000 to adequately satisfy future expected cash flow requirements. The Fund's asset balance is not expected to decrease for at least the next ten years. These calculations are based on the actuarial assumptions, including annual post-retirement benefits increases of 3% and investment returns of 5.75%. Any adverse future experience of the Fund will require an increase in the minimum recommended contribution of \$152,000.

(Continued)

## City of Coeur d'Alene, Idaho

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2009

#### NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

##### Funding Policy (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 \$156,923 and U.S. Government issues of \$1,211,590. The actuarial value of assets is fair market value.

For fiscal years beginning after June 15, 1996, new GASB reporting standards are required for defined benefit pension plans reporting and disclosures (Statement No. 25). The requirements for Statement No. 25 include certain supplementary information to the financial statements. These include:

- (1) A Schedule of Funding Progress, and
- (2) A Schedule of Employer Contributions

The Schedule of Funding Progress compares the amount of Unfunded Actuarial Liability (UAL) from year to year and measures the progress of the employer's contributions in reducing the amount. Under most acceptable funding methods there is a UAAL. The required Schedule of Employer Contributions compares the employer contributions required based on the actuarial required contribution, or ARC, with those employer contributions actually made.

GASB Statement No. 27 is effective for fiscal years beginning after June 15, 1997 and is required for pension accounting by state and local government employers. The disclosures include the measurement of an annual pension cost (APC). For the Fund, the APC is equal to the employer's annual required contributions (ARC), as actuarially determined by the funding methods and assumptions for pension benefits used for GASB purposes. If the City is required to make a contribution (APC) and does not make a contribution equal to the ARC, then a Net Pension Obligation (NPO) account must be established and the APC will reflect adjustments made to the NPO account, as well as the ARC. Since the City's actual contribution will almost always be slightly different from its target contribution, there will always be a small NPO and a small difference between the ARC and the APC.

For GASB purposes, the ARC must be calculated based on certain parameters required for disclosure purposes. The actuarial has computed the ARC using the Entry Age Normal Cost Method. Under this method the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and assumed exit age. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Accrued Liability. Since all members have already retired, the amount of the annual Normal Cost is zero. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Accrued Liability minus the actuarial value of the Fund's assets.

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Funding Policy (Continued)

For GASB reporting purposes, Table 1 presents the ARC as of the valuation date, assuming the UAL is amortized as a level dollar amount over 18.2 years. This is within the maximum period allowed under the GASB reporting rules. The amortization period is open.

The UAL and the percentage funded by assets are shown in the Required Supplementary Information, the Schedule of Funding Progress. Table 1 discloses the annual pension costs; percentage of annual pension cost contributed and NPO for the year ended September 30, 2009. Only one year of information is available.

**Table 1  
Annual Pension Cost and Net Pension Obligation**

Annual Required Contribution (ARC)	
Annual Normal Cost (BOY)	
Amortization of UAL (BOY)	\$143,396
Interest to EOY*	<u>8,604</u>
ARC at EOY	152,000
Interest on NPO	(83)
Adjustment to NPO	<u>108</u>
Annual Pension Cost (APC)	152,025
Employer Contributions	<u>152,000</u>
Change in NPO	25
NPO at BOY	(1,381)
NPO at EOY	<u>\$ (1,356)</u>

\*Interest computation assumes end-of-year payment although actual payments will take place during the year. The ARC was calculated taking the timing of the actual payment schedule into account.

**NOTE 15: POST EMPLOYMENT HEALTHCARE PLAN**

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

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

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

(Continued)

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

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2009**

**NOTE 15: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

Annual required contribution	\$528,802
Interest on net OPEB obligation	
Adjustment to annual required contribution	<u>                    </u>
Annual OPEB cost (expense)	528,802
Contributions made	<u>(84,665)</u>
Increase in net OPEB obligation	444,137
Net OPEB obligation – beginning of year	<u>                    0</u>
Net OPEB obligation – end of year	<u>\$444,137</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/07	na	na	Na
9/30/08	na	na	na
9/30/09	\$528,802	16.01%	\$444,137

*Funded Status and Funding Progress.* As of September 30, 2009, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$3.329 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.329 million.

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

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

(Continued)

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2009**

**NOTE 15: POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

In the September 30, 2009 actuarial valuation, the Projected Unit Credit (PUC) actuarial cost method was used. The actuarial assumptions used to calculate the funding results are as follows:

Investment Return (Interest Rate) – Pre- and post-retirement interest rates were assumed at 5.75% per year.

- Medical Inflation Rate – Medical cap of \$500 per month will increase at a rate of 10% reduced by .5% per year until a level 5%.
- Expenses – No assumption of asset expenses were made.
- Mortality Rates – 1983 Group Annuity Mortality Table.
- Turnover Rates – T2 Turnover Table.
- Disability Rates – Retirement Date will occur when an employee becomes eligible under the Rule of 80 or 90 but not before age 55.
- Spouse – Assume same age as employee and married at time of retirement.
- Benefit option – All employees will elect monthly medical premium payments.
- Probability of re-employment after retirement – None.
- Actuarial Value of Assets – Same as market value of assets.

Gains/losses are amortized using a closed level dollar method over a period of 15 years.

**NOTE 16: PRIOR PERIOD ADJUSTMENT**

Prior year governmental activities unamortized issue costs, net of amortization were overstated. An adjustment was made to correct this. This resulted in a decrease to the governmental activities net asset balance and a decrease to the unamortized issue costs, net of amortization.

**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, 2009

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 14,132,946	\$ 14,132,946	\$ 14,060,541	\$ (72,405)
Licenses and permits	3,959,104	3,089,840	3,046,494	(43,346)
Intergovernmental	7,683,039	7,429,146	7,372,070	(57,076)
Charges for services	410,550	398,280	384,147	(14,133)
Fines and forfeits	488,300	505,550	482,101	(23,449)
Interest	250,000	90,000	131,648	41,648
Miscellaneous	56,900	61,900	78,295	16,395
Total revenues	<u>26,980,839</u>	<u>25,707,662</u>	<u>25,555,296</u>	<u>(152,366)</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,588,316	5,598,316	5,019,336	578,980
Public safety	15,996,585	16,137,831	15,409,944	727,887
Public works	4,675,980	4,675,980	4,266,431	409,549
Culture and recreation	2,380,442	2,385,192	2,226,159	159,033
Capital outlay	403,000	527,229	453,730	73,499
Total expenditures	<u>29,044,323</u>	<u>29,324,548</u>	<u>27,375,600</u>	<u>1,948,948</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(2,063,484)</u>	<u>(3,616,886)</u>	<u>(1,820,304)</u>	<u>1,796,582</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	2,228,086	2,318,486	2,346,610	28,124
Operating transfers out	<u>(178,140)</u>	<u>(178,140)</u>	<u>(186,785)</u>	<u>(8,645)</u>
Total other financing sources (uses)	<u>2,049,946</u>	<u>2,140,346</u>	<u>2,159,825</u>	<u>19,479</u>
Net change in fund balances	(13,538)	(1,476,540)	339,521	1,816,061
Fund balances - beginning of year	13,640	1,476,642	3,814,803	2,338,161
Fund balances - end of year	<u>\$ 102</u>	<u>\$ 102</u>	<u>\$ 4,154,324</u>	<u>\$ 4,154,222</u>



**REQUIRED SUPPLEMENTARY INFORMATION  
POLICE RETIREMENT TRUST FUND**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Fiscal Year Ending</b>	<b>Actual Employer Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Of ARC Contributed</b>
9/30/00	152,262	152,000	
9/30/01	152,967	152,000	100.64%
9/30/02	151,656	152,000	99.77%
9/30/03	152,395	152,000	100.26%
9/30/04	152,606	152,000	100.40%
9/30/05	153,354	152,000	100.89%
9/30/06	152,076	152,000	100.05%
9/30/07	150,639	152,000	99.10%
9/30/08	151,414	152,000	99.61%
9/30/09	150,261	152,000	98.86%

\*Assumed contribution will be replaced with actual value when available.

**SCHEDULE OF FUNDING PROGRESS**

<b>Valuation Date</b>	<b>Actuarial Value Of Assets</b>	<b>Actuarial Accrued Liabilities Entry Age</b>	<b>Unfunded Actuarial Accrued Liabilities (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAL as a Percentage Of Covered Payroll</b>
9/30/99	1,361,000	3,245,000	1,884,000	41.94%	\$0*	N/A
9/30/00	1,383,000	3,245,000	1,862,000	42.62%	\$0*	N/A
9/30/01	1,490,000	3,279,000	1,789,000	45.44%	\$0*	N/A
9/30/02	1,536,000	3,279,000	1,743,000	46.84%	\$0*	N/A
9/30/03	1,504,463	3,309,100	1,804,637	45.46%	\$0*	N/A
9/30/04	1,444,393	3,309,100	1,864,707	43.65%	\$0*	N/A
9/30/05	1,392,263	3,103,307	1,711,044	44.68%	\$0*	N/A
9/30/06	1,362,500	2,959,310	1,596,810	46.04%	\$0*	N/A
9/30/07	1,349,423	2,789,756	1,440,333	48.37%	\$0*	N/A
9/30/08	1,339,090	2,680,981	1,440,333	48.37%	\$0*	N/A
9/30/09	1,369,447	2,337,405	967,958	58.59%	\$0*	N/A

\* All members are retired

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

**REQUIRED SUPPLEMENTARY INFORMATION – (Continued)  
POLICE RETIREMENT TRUST FUND**

**FIVE-YEAR TREND INFORMATION\***

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Contribution as A Percentage of APC</b>	<b>Net Pension Obligation (NPO)</b>
September 30, 2006	152,024	100%	(2,690)
September 30, 2007	152,024	99%	(1,381)
September 30, 2008	152,025	99.6%	(770)
September 30, 2009	152,017	98.84%	986
September 30, 2010	151,974	100.02%	960

**ANNUAL DEVELOPMENT OF PENSION COSTS\***

<b>Fiscal Year Ending</b>	<b>ARC at EOY</b>	<b>Interest on NPO</b>	<b>Annual Pension Cost (APC)</b>	<b>Total Employer Contributions</b>	<b>Change in NPO</b>	<b>NPO Balance</b>	<b>Gain/ Loss</b>	<b>Amort. Factor</b>	<b>Amort. of Gain/ Loss</b>	<b>Ending Balance</b>
9/30/98	\$ 150,000	\$0	\$ 150,000	\$150,612	\$(612)	\$(612)	\$(612)	-	-	\$(612)
9/30/99	152,000	(41)	152,006	151,912	94	(518)	88	13.01	\$(47)	(518)
9/30/00	152,000	(35)	152,005	151,262	743	225	738	12.85	(40)	225
9/30/01	152,000	15	151,997	152,967	(970)	(745)	(967)	12.69	18	(745)
9/30/02	152,000	(50)	152,010	151,656	354	(391)	344	12.51	(60)	(391)
9/30/03	152,000	(26)	152,008	152,395	(387)	(778)	(395)	11.50	(34)	(778)
9/30/04	152,000	(53)	152,010	152,606	(596)	(1,374)	(606)	12.40	(63)	(1,374)
9/30/05	152,000	(93)	152,014	152,354	(1,340)	(2,714)	(1,354)	12.80	(107)	(2,714)
9/30/06	152,000	(183)	152,024	152,076	(52)	(2,766)	(76)	13.10	(207)	(2,766)
9/30/07	152,000	(187)	152,024	152,639	1,385	(1,381)	1,361	13.10	(211)	(1,381)
9/30/08	152,000	(83)	152,025	152,000	25	(1,356)	-0-	12.80	(108)	(1,356)
9/30/09	152,000	(44)	152,017	150,261	1,756	986	1,739	12.60	(61)	986

**City of Couer d'Alene**

**SCHEDULE OF FUNDING PROGRESS FOR  
POSTEMPLOYMENT BENEFIT PLANS  
For the Year Ended September 30, 2009**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll ( c )</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) /c)</b>
September 30, 2009	\$ -	\$ 3,329,330	\$ 3,329,330	0%	\$ -	N/A

The City implemented GASB 45 in fiscal year 2009 with valuations to be performed every two years; therefore, prior actuarial valuation data is not available, but will be accumulated over time.

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

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

**COMBINING BALANCE SHEET - BY FUND TYPE  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,777,885	\$ 607,583	\$ 840,249	\$ 7,225,717
Investments	1,852,403			1,852,403
Receivables:				
Taxes delinquent	44,493			44,493
Accounts	15,993			15,993
Assessments:				
Delinquent		841		841
Deferred		522,782		522,782
Due from other governments	18,654		883,357	902,011
Due from other funds			281,288	281,288
Total assets	<u>\$ 7,709,428</u>	<u>\$ 1,131,206</u>	<u>\$ 2,004,894</u>	<u>\$ 10,845,528</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 151,113		\$ 722,161	\$ 873,274
Due to other funds		\$ 238,045	281,288	519,333
Deposits	240	386		626
Deferred revenues	44,493	522,782		567,275
Total liabilities	<u>195,846</u>	<u>761,213</u>	<u>1,003,449</u>	<u>1,960,508</u>
Fund balances:				
Reserved	7,206,457	608,038		7,814,495
Unreserved, undesignated	307,125	(238,045)	\$ 1,001,445	1,070,525
Total fund balances	<u>7,513,582</u>	<u>369,993</u>	<u>1,001,445</u>	<u>8,885,020</u>
Total liabilities and fund balances	<u>\$ 7,709,428</u>	<u>\$ 1,131,206</u>	<u>\$ 2,004,894</u>	<u>\$ 10,845,528</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, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 1,200,303			\$ 1,200,303
Intergovernmental	624,536		\$ 1,845,038	2,469,574
Charges for services	1,121,350			1,121,350
Fines and forfeits	19,731			19,731
Assessments collected		\$ 141,554		141,554
Investment income	29,666			29,666
Unrealized gain on investments	60,729			60,729
Interest	104,553		4,812	109,365
Contributions			4,620	4,620
Miscellaneous	284,652			284,652
Penalty and interest		22,455		22,455
Total revenues	<u>3,445,520</u>	<u>164,009</u>	<u>1,854,470</u>	<u>5,463,999</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,172,729			1,172,729
Culture and recreation	1,232,743			1,232,743
Administrative expenses			68,228	68,228
Capital outlay	1,837,700		1,848,194	3,685,894
Debt service:				
Principal payments		294,667		294,667
Interest, fees and other		74,079		74,079
Total expenditures	<u>4,243,172</u>	<u>368,746</u>	<u>1,916,422</u>	<u>6,528,340</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(797,652)</u>	<u>(204,737)</u>	<u>(61,952)</u>	<u>(1,064,341)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	1,789,299	91,083	997,941	2,878,323
Operating transfers out	<u>(2,650,119)</u>	<u>(41,084)</u>	<u>(378,093)</u>	<u>(3,069,296)</u>
Total other financing sources (uses)	<u>(860,820)</u>	<u>49,999</u>	<u>619,848</u>	<u>(190,973)</u>
Net change in fund balances	<u>(1,658,472)</u>	<u>(154,738)</u>	<u>557,896</u>	<u>(1,255,314)</u>
Fund balances - beginning of year	<u>9,172,054</u>	<u>524,731</u>	<u>443,549</u>	<u>10,140,334</u>
Fund balances - end of year	<u>\$ 7,513,582</u>	<u>\$ 369,993</u>	<u>\$ 1,001,445</u>	<u>\$ 8,885,020</u>

## City of Coeur d'Alene, Idaho

### Nonmajor Governmental Funds Special Revenue Funds

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

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

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

**Insurance Fund:** To account for funds received from transfers from other funds and property taxes to pay for the preparation, investigation, adjusting, defending, and settling of claims and/or lawsuits filed against the City. This fund does not pay the costs associated with claims filed against the proprietary funds.

**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 50% of the funds generated from cemetery lot sales.

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

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

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

**Playground Fund:** To account for funds set aside to maintain the Fort Sherman Playground in City Park.

**KCATT Fund:** To account for grant funds and interest earnings received to fund a twenty year Kootenai County Area Transportation Plan.

**Public Art Fund:** To account for funds received from construction projects of the City of Coeur d'Alene.

**KMPO Fund:** To account for grants, contributions from participating agencies, and expenditures of the Kootenai Metropolitan Planning Organization.

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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
September 30, 2009**

	<u>Library</u>	<u>Cemetery</u>	<u>Annexation Fees</u>	<u>Impact Fees</u>	<u>Parks Capital Improvements</u>	<u>Insurance</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 90,986	\$ 32,222	\$ 262,743	\$ 2,225,655	\$ 370,846	\$ 2,005,227
Investments						
Receivables:						
Taxes delinquent	32,502					11,991
Accounts		15,993				
Due from other governments	6,615				11,392	647
Total assets	<u>\$ 130,103</u>	<u>\$ 48,215</u>	<u>\$ 262,743</u>	<u>\$ 2,225,655</u>	<u>\$ 382,238</u>	<u>\$ 2,017,865</u>
 <b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 14,254	\$ 5,272		\$ 1,840	\$ 75,461	\$ 7,012
Deposits						
Deferred revenues	32,502					11,991
Total liabilities	<u>46,756</u>	<u>5,272</u>		<u>1,840</u>	<u>75,461</u>	<u>19,003</u>
 Fund balances:						
Reserved	83,347			2,223,815	306,777	1,998,862
Unreserved, undesignated		42,943	\$ 262,743			
Total fund balances	<u>83,347</u>	<u>42,943</u>	<u>262,743</u>	<u>2,223,815</u>	<u>306,777</u>	<u>1,998,862</u>
 Total liabilities and fund balances	<u>\$ 130,103</u>	<u>\$ 48,215</u>	<u>\$ 262,743</u>	<u>\$ 2,225,655</u>	<u>\$ 382,238</u>	<u>\$ 2,017,865</u>



Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	Playground	KCATT	Public Art	KMPO	Total Nonmajor Special Revenue Funds
\$ 6,275 1,852,403	\$ 216,205	\$ 345	\$ 4,529	\$ -	\$ 3,407	\$ 530,373	\$ 29,072	\$ 5,777,885 1,852,403
								44,493 15,993 18,654
<u>\$ 1,858,678</u>	<u>\$ 216,205</u>	<u>\$ 345</u>	<u>\$ 4,529</u>	<u>\$ -</u>	<u>\$ 3,407</u>	<u>\$ 530,373</u>	<u>\$ 29,072</u>	<u>\$ 7,709,428</u>
\$ 6,275	\$ 5,000	\$ 72	\$ 562 240	\$ -		\$ 325	\$ 35,040	\$ 151,113 240 44,493
<u>6,275</u>	<u>5,000</u>	<u>72</u>	<u>802</u>			<u>325</u>	<u>35,040</u>	<u>195,846</u>
\$ 1,852,403	211,205					530,048		7,206,457
		273	3,727		\$ 3,407		\$ (5,968)	307,125
<u>1,852,403</u>	<u>211,205</u>	<u>273</u>	<u>3,727</u>		<u>3,407</u>	<u>530,048</u>	<u>(5,968)</u>	<u>7,513,582</u>
<u>\$ 1,858,678</u>	<u>\$ 216,205</u>	<u>\$ 345</u>	<u>\$ 4,529</u>	<u>\$ -</u>	<u>\$ 3,407</u>	<u>\$ 530,373</u>	<u>\$ 29,072</u>	<u>\$ 7,709,428</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, 2009

	Library	Cemetery	Annexation Fees	Impact Fees	Parks Capital Improvements	Insurance
<b>REVENUES</b>						
Taxes	\$ 1,092,641					\$ 107,662
Intergovernmental	7,000				\$ 35,035	
Charges for services	10,507	\$ 135,633	\$ 193,990	\$ 665,241	110,089	
Fines and forfeits	19,731					
Investment income		741	1,675	27,151		
Unrealized gain on investments						
Interest	501				6,113	16,862
Miscellaneous	7,184	11,220			20,900	
Total revenues	<u>1,137,564</u>	<u>147,594</u>	<u>195,665</u>	<u>692,392</u>	<u>172,137</u>	<u>124,524</u>
<b>EXPENDITURES</b>						
Current:						
General government		234,083				200,717
Culture and recreation	1,058,752				173,991	
Capital outlay	64,900	280,968			1,491,832	
Total expenditures	<u>1,123,652</u>	<u>515,051</u>			<u>1,665,823</u>	<u>200,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,912</u>	<u>(367,457)</u>	<u>195,665</u>	<u>692,392</u>	<u>(1,493,686)</u>	<u>(76,193)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in		369,640			1,168,139	151,243
Operating transfers out		(38,750)	(400,000)	(1,867,746)	(13,623)	
Total other financing sources (uses)		<u>330,890</u>	<u>(400,000)</u>	<u>(1,867,746)</u>	<u>1,154,516</u>	<u>151,243</u>
Net change in fund balances	13,912	(36,567)	(204,335)	(1,175,354)	(339,170)	75,050
Fund balances - beginning of year	69,435	79,510	467,078	3,399,169	645,947	1,923,812
Fund balances - end of year	<u>\$ 83,347</u>	<u>\$ 42,943</u>	<u>\$ 262,743</u>	<u>\$ 2,223,815</u>	<u>\$ 306,777</u>	<u>\$ 1,998,862</u>

Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	Playground	KCATT	Public Art	KMPO	Total Nonmajor Special Revenue Funds
							\$ 582,501	\$ 1,200,303
		\$ 5,890						624,536
			\$ 99					1,121,350
\$ 60,729								19,731
75,710	\$ 1,770	11		\$ 12	\$ 29	\$ 3,165	380	29,666
	88,653		9,942			146,753		60,729
136,439	90,423	5,901	10,041	12	29	149,918	582,881	104,553
								284,652
								3,445,520
7,960	78,158	7,722	18,026	2,707		15,522	607,834	1,172,729
								1,232,743
								1,837,700
7,960	78,158	7,722	18,026	2,707		15,522	607,834	4,243,172
128,479	12,265	(1,821)	(7,985)	(2,695)	29	134,396	(24,953)	(797,652)
58,750		1,000	10,000			30,527		1,789,299
(330,000)								(2,650,119)
(271,250)	-	1,000	10,000			30,527		(860,820)
(142,771)	12,265	(821)	2,015	(2,695)	29	164,923	(24,953)	(1,658,472)
1,995,174	198,940	1,094	1,712	2,695	3,378	365,125	18,985	9,172,054
\$ 1,852,403	\$ 211,205	\$ 273	\$ 3,727	\$ -	\$ 3,407	\$ 530,048	\$ (5,968)	\$ 7,513,582

## City of Coeur d'Alene, Idaho

### Debt Service Funds

*Debt service funds are established to finance and account for the payments of interest and principal on outstanding bonded debt of the City, exclusive of the bonded debt in the enterprise funds. These bonds relate to special assessment funds created to service the related debt to finance past construction of local improvement districts (LIDs).*

**LID #124/125:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of installing sanitary sewers in Northshire and Queen Anne Additions in 1992.

**LID #127/128:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of installing sanitary sewers in Fairway Hills and Howards Subdivisions in 1992.

**LID #129/132:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of installing sanitary sewers in Hoffman, Sleepy Hollow, Forest Park, Pinegrove Park and Sunrise Terrace Subdivisions in 1998.

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

**LID #143/144:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of connecting Lunceford and Neider Avenues, and installing curbs and sidewalks. LID 144 was created for the purpose of financing wastewater capitalization fees for homeowners required to hook up to the sanitary sewer system.

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

**LID #146:** Accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies created for the purpose of making major street improvements and beautification to Northwest Boulevard.

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

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

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
September 30, 2009**

	<u>LID</u> <u>#124/125</u>	<u>LID</u> <u>#127/128</u>	<u>LID</u> <u>#129/132</u>	<u>LID</u> <u>#130/135/136</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,324	\$ 2,210	\$ 158,667	\$ 20,778
Receivables:				
Delinquent	841			
Deferred	11,122	21,356	63,774	32,458
Total assets	<u>\$ 18,287</u>	<u>\$ 23,566</u>	<u>\$ 222,441</u>	<u>\$ 53,236</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Deposits				
Due to other funds				
Deferred revenue	\$ 11,122	\$ 21,356	\$ 63,774	\$ 32,458
Total liabilities	<u>11,122</u>	<u>21,356</u>	<u>63,774</u>	<u>32,458</u>
 Fund balances:				
Reserved	7,165	2,210	158,667	20,778
Unreserved, undesignated				
Total fund balances	<u>7,165</u>	<u>2,210</u>	<u>158,667</u>	<u>20,778</u>
Total liabilities and fund balance	<u>\$ 18,287</u>	<u>\$ 23,566</u>	<u>\$ 222,441</u>	<u>\$ 53,236</u>

LID #145	LID #146	LID Guarantee Fund	Total Nonmajor Debt Service Funds
	\$ 131,404	\$ 288,200	\$ 607,583
			841
\$ 238,045	156,027		522,782
<u>\$ 238,045</u>	<u>\$ 287,431</u>	<u>\$ 288,200</u>	<u>\$ 1,131,206</u>
		\$ 386	\$ 386
\$ 238,045			238,045
238,045	\$ 156,027		522,782
<u>476,090</u>	<u>156,027</u>	<u>386</u>	<u>761,213</u>
	131,404	287,814	608,038
(238,045)			(238,045)
<u>(238,045)</u>	<u>131,404</u>	<u>287,814</u>	<u>369,993</u>
<u>\$ 238,045</u>	<u>\$ 287,431</u>	<u>\$ 288,200</u>	<u>\$ 1,131,206</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, 2009**

	<u>LID</u> <u>#124/125</u>	<u>LID</u> <u>#127/128</u>	<u>LID</u> <u>#129/132</u>	<u>LID</u> <u>#130/135/136</u>
<b>REVENUES</b>				
Assessments collected	\$ 5,015	\$ 10,072	\$ 10,001	\$ 31,873
Penalty and interest	<u>1,364</u>	<u>1,438</u>	<u>3,328</u>	<u>3,617</u>
Total revenues	<u>6,379</u>	<u>11,510</u>	<u>13,329</u>	<u>35,490</u>
<b>EXPENDITURES</b>				
Bond principal	42,577	42,527	34,563	85,000
Interest, fees and other	<u>7,266</u>	<u>7,597</u>	<u>15,274</u>	<u>24,304</u>
Total expenditures	<u>49,843</u>	<u>50,124</u>	<u>49,837</u>	<u>109,304</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(43,464)</u>	<u>(38,614)</u>	<u>(36,508)</u>	<u>(73,814)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	24,000	15,000		
Operating transfers out				
Total other financing sources (uses)	<u>24,000</u>	<u>15,000</u>		
Net change in fund balances	<u>(19,464)</u>	<u>(23,614)</u>	<u>(36,508)</u>	<u>(73,814)</u>
Fund balances - beginning of year	26,629	25,824	195,175	94,592
Fund balances - end of year	<u>\$ 7,165</u>	<u>\$ 2,210</u>	<u>\$ 158,667</u>	<u>\$ 20,778</u>

<u>LID</u> <u>#143/144</u>	<u>LID</u> <u>#145</u>	<u>LID</u> <u>#146</u>	<u>Guarantee</u> <u>Fund</u>	<u>Total</u> <u>Debt Service</u> <u>Funds</u>
\$ 12,526	\$ 29,228	\$ 34,605	\$ 8,234	\$ 141,554
(248)		10,546	2,410	22,455
<u>12,278</u>	<u>29,228</u>	<u>45,151</u>	<u>10,644</u>	<u>164,009</u>
20,000		70,000		294,667
1,050		18,588		74,079
<u>21,050</u>		<u>88,588</u>		<u>368,746</u>
(8,772)	29,228	(43,437)	10,644	(204,737)
2,083			50,000	91,083
			(41,084)	(41,084)
<u>2,083</u>			<u>8,916</u>	<u>49,999</u>
(6,689)	29,228	(43,437)	19,560	(154,738)
6,689	(267,273)	174,841	268,254	524,731
<u>\$ -</u>	<u>\$ (238,045)</u>	<u>\$ 131,404</u>	<u>\$ 287,814</u>	<u>\$ 369,993</u>



## City of Coeur d'Alene, Idaho

### Capital Project Funds

*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.*

**Howard Neider Extension Fund:** To administer expenditures for the purpose of reconstruction, widening and extension of Howard/Neider from Fruitland Lane to Howard Street.

**4<sup>th</sup> Street:** To account for funds held to be used in the future for traffic mitigation in the Heartland Subdivision.

**Government Way:** To administer expenditures for the purpose of reconstructing and widening of Government Way from Appleway Avenue to Dalton Avenue.

**4<sup>th</sup> Street:** To administer expenditures for the purpose of reconstructing, widening and other enhancements to 4<sup>th</sup> St from Lakeside to Harrison.

**15<sup>th</sup> Street Lunceford to Dalton Fund:** To administer expenditures for the purpose of reconstruction and widening from Lunceford Lane to Dalton Avenue

**15<sup>th</sup> Street and Harrison Signal:** To administer expenditures for the purpose of installing a traffic light at the intersection of 15<sup>th</sup> Street and Harrison Avenue.

**Intersection of Hanley and US 95:** To administer expenditures for the purpose of improvements to the intersection of Hanley and US 95.

**Kathleen Avenue and Howard Street Signal:** To administer expenditures for the purpose of installing a traffic light at the intersection of Kathleen Avenue and Howard Street.

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

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
September 30, 2009**

	<b>Howard Neider Extension</b>	<b>4th Street</b>	<b>Govt Way</b>	<b>4th St. Lakeside to Harrison</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 252,187	\$ 1,428	\$ 85,620	
Due from other governments	48,289		2,059	\$ 833,009
Due from other funds	275,415			
Total assets	<u>\$ 575,891</u>	<u>\$ 1,428</u>	<u>\$ 87,679</u>	<u>\$ 833,009</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 218,644		\$ 5,624	\$ 497,893
Due to other funds				275,415
Total liabilities	<u>218,644</u>		<u>5,624</u>	<u>773,308</u>
Fund balances:				
Unreserved, undesignated	357,247	\$ 1,428	82,055	59,701
Total fund balances	<u>357,247</u>	<u>1,428</u>	<u>82,055</u>	<u>59,701</u>
Total liabilities and fund balances	<u>\$ 575,891</u>	<u>\$ 1,428</u>	<u>\$ 87,679</u>	<u>\$ 833,009</u>

<b>15th St Lunceford to Dalton</b>	<b>15th St and Harrison Signal</b>	<b>Intersection of Hanley and US 95</b>	<b>Kathleen and Howard Signal</b>	<b>Nonmajor Capital Project Funds</b>
\$ 230,856	\$ 221,399	\$ 48,759		\$ 840,249
				883,357
		5,873		281,288
<u>\$ 230,856</u>	<u>\$ 221,399</u>	<u>\$ 54,632</u>	<u>\$ -</u>	<u>\$ 2,004,894</u>
				\$ 722,161
			\$ 5,873	281,288
			5,873	1,003,449
\$ 230,856	221,399	54,632	(5,873)	1,001,445
<u>230,856</u>	<u>221,399</u>	<u>54,632</u>	<u>(5,873)</u>	<u>1,001,445</u>
<u>\$ 230,856</u>	<u>\$ 221,399</u>	<u>\$ 54,632</u>	<u>\$ -</u>	<u>\$ 2,004,894</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, 2009**

	<b>Howard Neider Extension</b>	<b>4th Street</b>	<b>Govt Way Phase II</b>	<b>4th St. Lakeside To Harrison</b>	<b>15th St Lunceford to Dalton</b>
<b>REVENUES</b>					
Contributions	\$ 3,480				
Intergovernmental	208,289		\$ 164,609	\$ 1,369,448	
Investment Income	1,600				\$ 3,212
Total revenues	<u>213,369</u>		<u>164,609</u>	<u>1,369,448</u>	<u>3,212</u>
<b>EXPENDITURES</b>					
Services and supplies	42,684			3,770	3,338
Capital outlay	386,786			1,305,977	
Total expenditures	<u>429,470</u>			<u>1,309,747</u>	<u>3,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(216,101)</u>		<u>164,609</u>	<u>59,701</u>	<u>(126)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	574,748				
Operating transfers out	<u>(1,400)</u>		<u>(177,801)</u>		
Total other financing sources (uses)	<u>573,348</u>		<u>(177,801)</u>		
Net change in fund balances	357,247		(13,192)	59,701	(126)
Fund balance - beginning of year		\$ 1,428	13,192		230,982
Fund balance - end of year	<u>\$ 357,247</u>	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ 59,701</u>	<u>\$ 230,856</u>

15th St and Harrison Signal	Intersection of Hanley and US 95	Kathleen and Howard Signal	4th St. Lunceford To Dalton	Govt Way Dalton to Hanley	Seltice Way	Ironwood	Nonmajor Capital Projects Funds
			\$ 1,140	\$ 102,692			\$ 4,620 1,845,038 4,812
			1,140	102,692			1,854,470
\$ 28,601	\$ 5,368	\$ 5,873	195	7,000			68,228
28,601	5,368	5,873	195	126,830			1,848,194
				133,830			1,916,422
(28,601)	(5,368)	(5,873)	945	(31,138)			(61,952)
250,000	60,000			113,193			997,941
			(28,490)		\$ (90,402)	\$ (80,000)	(378,093)
250,000	60,000		(28,490)	113,193	(90,402)	(80,000)	619,848
221,399	54,632	(5,873)	(27,545)	82,055	(90,402)	(80,000)	557,896
			27,545		90,402	80,000	443,549
\$ 221,399	\$ 54,632	\$ (5,873)	\$ -	\$ 82,055	\$ -	\$ -	\$ 1,001,445

## City of Coeur d'Alene, Idaho

### Nonmajor Business-Type Activities

*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.

**Stormwater Management:** To account for the provision of stormwater 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 ASSETS  
NONMAJOR PROPRIETARY FUNDS  
September 30, 2009

	Business-type Activities - Nonmajor Enterprise Funds				Total Nonmajor Enterprise Funds
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 60,668	\$ 113,904	\$ 612,000	\$ 458,184	\$ 1,244,756
Receivables:					
Accounts, net of allowance for uncollectible accounts		46,540	54,830	138,763	240,133
Total current assets	60,668	160,444	666,830	596,947	1,484,889
Non-current assets:					
Capital assets:					
Land			122,264		122,264
Other capital assets, net of accumulated depreciation		335,702	233,039	4,145,368	4,714,109
Total capital assets, net of accumulated depreciation		335,702	355,303	4,145,368	4,836,373
Total non-current assets		335,702	355,303	4,145,368	4,836,373
Total assets	60,668	496,146	1,022,133	4,742,315	6,321,262
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable		33,963		3,863	37,826
Total current liabilities		33,963		3,863	37,826
Non-current liabilities:					
Compensated absences				41,989	41,989
Total non-current liabilities				41,989	41,989
Total liabilities		33,963		45,852	79,815
<b>NET ASSETS</b>					
Invested in fixed assets, net of related debt		335,702	355,303		691,005
Unrestricted	60,668	126,481	666,830	4,696,463	5,550,442
Total net assets	\$ 60,668	\$ 462,183	\$ 1,022,133	\$ 4,696,463	\$ 6,241,447

City of Coeur d'Alene, Idaho

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended September 30, 2009

	Business-type Activities - Nonmajor Enterprise Funds				Total Nonmajor Enterprise Funds
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	
<b>OPERATING REVENUES</b>					
Services		\$ 476,563	\$ 179,830	\$ 1,313,634	\$ 1,970,027
<b>OPERATING EXPENSES</b>					
Administration				358,638	358,638
Maintenance		12,546	10,645	101,012	124,203
Supplies				33,553	33,553
Contracted services		468,602	50,000	2,434	521,036
Depreciation		26,597	33,036	176,077	235,710
Bad debt expense		1,395		2,933	4,328
Total operating expenses		509,140	93,681	674,647	1,277,468
Operating income		(32,577)	86,149	638,987	692,559
<b>NONOPERATING REVENUES</b>					
Investment income		1,473	5,186	4,371	11,030
Total nonoperating revenues		1,473	5,186	4,371	11,030
Income before contributions and transfers		(31,104)	91,335	643,358	703,589
Operating transfers in		50,000			50,000
Operating transfers out		(78,903)	(57,674)	(204,337)	(340,914)
Change in net assets		(60,007)	33,661	439,021	412,675
Total net assets - beginning	\$ 60,668	522,190	988,472	4,257,442	5,828,772
Total net assets - ending	\$ 60,668	\$ 462,183	\$ 1,022,133	\$ 4,696,463	\$ 6,241,447



City of Coeur d'Alene, Idaho

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUND TYPES  
For the Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds				Total Nonmajor Enterprise Funds
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		\$ 475,487	\$ 144,720	\$ 1,307,022	\$ 1,927,229
Payments to suppliers		(477,164)	(71,778)	(168,271)	(717,213)
Payments to employees				(336,333)	(336,333)
Net cash (used) provided by operating activities		(1,677)	72,942	802,418	873,683
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers in		50,000			50,000
Operating transfers out		(78,903)	(57,674)	(204,337)	(340,914)
Net cash (used) by noncapital financing activities		(28,903)	(57,674)	(204,337)	(290,914)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital asset purchases				(577,218)	(577,218)
Net cash (used) by financing activities				(577,218)	(577,218)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income		1,473	5,186	4,371	11,030
Net cash provided by investing activities		1,473	5,186	4,371	11,030
Net (decrease) increase in cash and cash equivalents		(29,107)	20,454	25,234	16,581
Cash and cash equivalents, beginning of year	\$ 60,668	143,011	591,546	432,950	1,228,175
Cash and cash equivalents, end of year	\$ 60,668	\$ 113,904	\$ 612,000	\$ 458,184	\$ 1,244,756
<b>Reconciliation of operating (loss) income to net cash provided by operating activities:</b>					
Operating (loss) income		\$ (32,577)	\$ 86,149	\$ 638,987	\$ 692,559
Adjustments to reconcile operating income to net cash (used) provided by operating activities:					
Depreciation		26,597	33,036	176,077	235,710
(Increase) in accounts receivable		(1,076)	(35,110)	(6,612)	(42,798)
Increase (decrease) in accounts payable		5,379	(11,133)	(11,568)	(17,322)
Increase in compensated absences				5,534	5,534
Net cash provided by operating activities		\$ (1,677)	\$ 72,942	\$ 802,418	\$ 873,683

**SINGLE AUDIT SECTION**



Magnuson, McHugh  
& Company, P.A.  
CPAs and Consultants

**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 Mayor and City Council  
Coeur d'Alene, ID 83814

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component 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, 2009, which collectively comprise the City of Coeur d'Alene, Idaho's basic financial statements and have issued our report thereon dated September 28, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Coeur d'Alene's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Coeur d'Alene, Idaho's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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**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 (CONTINUED)**

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

MAGNUSON, MCHUGH, & CO.

*Magnuson, McHugh & Company, P.A.*

Coeur d'Alene, Idaho

September 28, 2010



Magnuson, McHugh  
& Company, P.A.  
CPAs and Consultants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council  
City of Coeur d'Alene

Compliance

We have audited the City of Coeur d'Alene, Idaho's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City of Coeur d'Alene, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Coeur d'Alene, Idaho's management. Our responsibility is to express an opinion on the City of Coeur d'Alene, Idaho's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination of City of Coeur d'Alene's compliance with those requirements.

In our opinion, the City of Coeur d'Alene complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2009-1.

Internal Control Over Compliance

Management of City of Coeur d'Alene, Idaho's is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered City of Coeur d'Alene, Idaho's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Coeur d'Alene, Idaho's internal control over compliance.



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)**

*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.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2009-1. *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.

City of Coeur d'Alene, Idaho's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Coeur d'Alene, Idaho's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.  
Magnuson, McHugh & Company, P.A.

*Magnuson, McHugh & Company, P.A.*

September 28, 2010

**City of Coeur d'Alene**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended September 30, 2009**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Passed through the State of Idaho:</u>		
<u>Department of Transportation:</u>		
Highway Safety Grant	20.600	\$ 4,374
Impaired Driving Enforcement Patrol	20.601	9,365
Highway Safety Grant	20.205	147,839
<u>Department of Justice:</u>		
Bureau of Justice Assistance	16.738	42,206
Department of Juvenile Corrections	16.727	6,371
Department of Justice Assistance	16.607	3,888
Public Safety Partnership & Community		6,819
<u>US Department of Housing and Urban Renewal:</u>		
HUD – Community Development Block Grant	14.218	297,369
<u>Federal Emergency Management Agency:</u>		
Homeland Security	97.067	39,984
<u>Institute of Museums and Library Services:</u>		
Walmart Foundation Grant Program	45.310	<u>4,425</u>
Total		<u>\$562,640</u>

## City of Coeur d'Alene

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2009

#### NOTE 1: BASIS OF PRESENTATION

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

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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.



City of Coeur d'Alene

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Identification of major programs:

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Row 1: 14.218, CDBG Entitlement Program and CDBG Recovery Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

## City of Coeur d'Alene

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2009

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

We noted no findings relating to the financial statements, 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**

##### **Finding 2009-1:**

Statement of Condition: The City did not comply with requirements regarding timing of the submission of Single Audit reports that are applicable to its US Department of Housing and Urban Renewal CDBG Entitlement Program and CDGB Recovery Funds CAFR number 14.218. Compliance with such requirements is necessary, in our opinion, for the City of Coeur d'Alene, Idaho, to comply with the requirements applicable to that program.

The Single Audit reporting package should be submitted the earlier of 30 days after the reports are received from the auditors or nine months after the end of the audit period (September 30, 2009). The City is beyond the nine month deadline for submission of this reporting package.

Recommendation: We recommend the City develop and implement procedures to ensure timely completion of their financial statement in order to comply with the submission requirements of the Single Audit Act and Circular A-133.

City Response and Corrective Action Plan: The annual financial reports ending on September 30, 2009, were the first reports that the City has written in house since 2002. The City was somewhat delayed on finishing the reports due to the time it took to link the necessary reports to the City's chart of accounts. The reports were given to the auditors later than anticipated and unfortunately the auditors were already into their tax season and then their June 30th audits. This delayed the report more due to the review of the report being delayed. In future years this should not be a problem as all the reports are linked to the chart of accounts and will be completed early enough and given to the auditors so that they will have plenty of time to review them before they are due.

#### **Section IV – Summary of Prior Year Audit Findings Relating to Federal Awards**

We noted no findings or questioned costs relating to federal awards during the prior year.