



*CITY OF COEUR D'ALENE,
IDAHO*

FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

City of Coeur d'Alene, Idaho
September 30, 2007

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City of Coeur d'Alene, Idaho
September 30, 2007

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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, 2007, 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, 2007, 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 October 3, 2008, 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.

The budgetary comparison information on page 52 and Police Retirement Trust Fund information on pages 53 – 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

The City of Coeur d'Alene, Idaho has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statement.

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 basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Coeur d'Alene, Idaho. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MAGNUSON, MCHUGH, & Co.

Magnuson, McHugh & Company, P.A.

Coeur d'Alene, Idaho
October 3, 2008

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

City of Coeur d'Alene, Idaho

STATEMENT OF NET ASSETS

September 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lake City Development Corporation
ASSETS				
Cash and cash equivalents	\$ 12,369,769	\$ 14,501,195	\$ 26,870,964	\$ 2,220,892
Investments	3,016,810		3,016,810	
Receivables:				
Taxes delinquent	563,375		563,375	147,042
Accounts receivable	322,186	2,153,651	2,475,837	51,439
Special assessments	932,192	91,622	1,023,814	
Notes receivable				2,583,075
Due from other governments	2,880,199		2,880,199	
Due from Lake City Development Corporation		42,074	42,074	
Deposits				11,138
Capital assets:				
Land	8,470,187	2,031,209	10,501,396	1,792,448
Other capital assets, net of accumulated depreciation	118,646,354	142,392,319	261,038,673	2,814,062
Unamortized issue costs, net of amortization	26,223	53,711	79,934	
Total assets	<u>147,227,295</u>	<u>161,265,781</u>	<u>308,493,076</u>	<u>9,620,096</u>
LIABILITIES				
Accounts payable	1,698,999	569,792	2,268,791	3,613
Due to City of Coeur d'Alene				42,074
Tax rebate due to School District				
Due to other governments				1,005
Deposit				15,711
Accrued interest payable	147,428	15,811	163,239	86,240
Long-term liabilities:				
Due within one year	2,115,317	612,841	2,728,158	947,139
Due in more than one year	12,828,399	11,257,828	24,086,227	8,815,147
Total liabilities	<u>16,790,143</u>	<u>12,456,272</u>	<u>29,246,415</u>	<u>9,910,929</u>
NET ASSETS				
Invested in capital assets, net of related debt	113,879,390	129,204,361	243,083,751	(2,646,728)
Restricted for:				
Debt service	2,047,538		2,047,538	
Capital projects	1,173,972		1,173,972	
Other purposes	8,221,557		8,221,557	
Unrestricted	5,114,695	19,605,148	24,719,843	2,355,895
Total net assets	<u>\$ 130,437,152</u>	<u>\$ 148,809,509</u>	<u>\$ 279,246,661</u>	<u>\$ (290,833)</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, 2007**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 9,151,159	\$ 6,126,734		
Public safety	16,443,628		\$ 272,863	
Public works	5,036,903		2,727	
Culture and recreation	3,638,762		45,725	\$ 92,550
Administrative expense	27,578			
Interest on long-term debt	671,813			
Total governmental activities	34,969,843	6,126,734	321,315	92,550
Business-type activities:				
Water	4,190,872	3,615,900		3,665,163
Wastewater	6,062,756	5,792,160		3,543,173
Sanitation	2,555,194	3,019,107		
Other Enterprise	1,241,646	1,918,512		
Total business-type activities	14,050,468	14,345,679		7,208,336
Total primary government	\$ 49,020,311	\$ 20,472,413	\$ 321,315	\$ 7,300,886
Component unit:				
Lake City Development Corporation	\$ 1,690,570	\$ 195,136		
Total component unit	\$ 1,690,570	\$ 195,136	\$	\$

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
- Forgiveness of debt
- 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
\$ (3,024,425)		\$ (3,024,425)	
(16,170,765)		(16,170,765)	
(5,034,176)		(5,034,176)	
(3,500,487)		(3,500,487)	
(27,578)		(27,578)	
(671,813)		(671,813)	
(28,429,244)		(28,429,244)	
	\$ 3,090,191	3,090,191	
	3,272,577	3,272,577	
	463,913	463,913	
	676,866	676,866	
	7,503,547	7,503,547	
(28,429,244)	7,503,547	(20,925,697)	
			\$ (1,495,434)
			(1,495,434)
13,905,602		13,905,602	2,666,079
752,341		752,341	
1,664,777		1,664,777	
1,572,643		1,572,643	
787,404		787,404	
7,587,624		7,587,624	
1,209,662	731,410	1,941,072	54,931
255,926		255,926	(22,993)
1,096,049		1,096,049	
457,176		457,176	
1,839,617	(1,839,617)		
31,128,821	(1,108,207)	30,020,614	2,698,017
2,699,577	6,395,340	9,094,917	1,202,583
32,294,652	100,240,218	132,534,870	(1,448,868)
95,442,923	42,173,951	137,616,874	(44,548)
\$ 130,437,152	\$ 148,809,509	\$ 279,246,661	\$ (290,833)

City of Coeur d'Alene, Idaho

**BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007**

	General	General GO Bonds Debt Service	2006 GO Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,020,177	\$ 1,181,760	\$ 254,048	\$ 7,913,784	\$ 12,369,769
Investments			999,081	2,017,729	3,016,810
Receivables:					
Taxes delinquent	338,154	206,959		18,262	563,375
Accounts receivable	307,568			14,618	322,186
Special assessments				932,192	932,192
Due from other governments	2,519,165	31,033		130,001	2,680,199
Due from LCDC	200,000				200,000
Due from other funds	306,747				306,747
Total assets	<u>\$ 6,691,811</u>	<u>\$ 1,419,752</u>	<u>\$ 1,253,129</u>	<u>\$ 11,026,586</u>	<u>\$ 20,391,278</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,481,345	\$ 400	\$ 79,157	\$ 138,097	\$ 1,698,999
Due to other funds				306,747	306,747
Deferred revenues	338,154	21,368		950,528	1,310,050
Total liabilities	<u>1,819,499</u>	<u>21,768</u>	<u>79,157</u>	<u>1,395,372</u>	<u>3,315,796</u>
Fund balances:					
Reserved for:					
Special revenue fund				8,221,557	8,221,557
Capital projects fund			1,173,972		1,173,972
Debt service fund		1,397,984		649,554	2,047,538
Unreserved:					
Designated	1,075,989				1,075,989
Undesignated, reported in:					
General fund	3,796,323				3,796,323
Special revenue fund				335,219	335,219
Capital projects fund				424,884	424,884
Total fund balances	<u>4,872,312</u>	<u>1,397,984</u>	<u>1,173,972</u>	<u>9,631,214</u>	<u>17,075,482</u>
Total liabilities and fund balances	<u>\$ 6,691,811</u>	<u>\$ 1,419,752</u>	<u>\$ 1,253,129</u>	<u>\$ 11,026,586</u>	<u>\$ 20,391,278</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, 2007

Total fund balances at September 30, 2007 - Governmental Funds		\$ 17,075,482
Cost of capital assets at September 30, 2007	\$ 164,773,770	
Less: Accumulated depreciation as of September 30, 2007		
Buildings	(3,583,427)	
Equipment	(2,601,499)	
Infrastructure	(8,805,370)	
Other improvements	<u>(22,666,933)</u>	127,116,541
Deferred charges - bond issue costs net of amortization		26,223
Elimination of deferred revenue		1,310,050
Accrued interest		(147,428)
Long-term liabilities at September 30, 2007		
Certificates of participation	(690,000)	
Special assessments	(1,807,667)	
General obligation debt	(10,275,000)	
Bond premium net of amortization	(203,886)	
Compensated absences	<u>(1,967,163)</u>	<u>(14,943,716)</u>
Net assets at September 30, 2007		<u>\$ 130,437,152</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, 2007**

	Debt Service			Other Governmental Funds	Total Governmental Funds
	General Fund	General Obligation Bonds	2006 General Obligation Bonds		
REVENUES					
Taxes	\$ 11,922,533	\$ 985,186		\$ 1,057,141	\$ 13,964,860
Licenses and permits	4,177,416	1,109,512			5,286,928
Intergovernmental	7,141,235			821,220	7,962,455
Charges for services	340,137			2,260,850	2,600,987
Fines and forfeits	492,578			9,177	501,755
Assessments collected				236,287	236,287
Investment income				203,088	203,088
Unrealized gain on investments				19,567	19,567
Interest	484,007	80,292	\$ 199,915	222,793	987,007
Contributions	77		2,508,900	44,286	2,553,263
Miscellaneous	88,070			167,856	255,926
Total revenues	<u>24,646,053</u>	<u>2,174,990</u>	<u>2,708,815</u>	<u>5,042,265</u>	<u>34,572,123</u>
EXPENDITURES					
Current:					
General government	7,811,169			1,212,354	9,023,523
Public safety	13,335,422		95,857		13,431,279
Public works	4,023,895		295,217		4,319,112
Culture and recreation	1,925,804			1,190,331	3,116,135
Administrative expense				27,578	27,578
Capital outlay	630,542		6,943,462	2,050,714	9,624,718
Debt service:					
Principal payments		2,141,377		385,351	2,526,728
Interest and fiscal agent fees		561,807		110,006	671,813
Total expenditures	<u>27,726,832</u>	<u>2,703,184</u>	<u>7,334,536</u>	<u>4,976,334</u>	<u>42,740,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,080,779)</u>	<u>(528,194)</u>	<u>(4,625,721)</u>	<u>65,931</u>	<u>(8,168,763)</u>
OTHER FINANCING SOURCES (USES)					
Debt issuance					
Bond premium					
Operating transfers in	1,875,019			1,368,630	3,243,649
Operating transfers out	(192,462)		(29,198)	(1,182,372)	(1,404,032)
Total other financing sources (uses)	<u>1,682,557</u>		<u>(29,198)</u>	<u>186,258</u>	<u>1,839,617</u>
Net change in fund balances	(1,398,222)	(528,194)	(4,654,919)	252,189	(6,329,146)
Fund balances - beginning of year	6,270,534	1,926,178	5,828,891	9,379,025	23,404,628
Fund balances - end of year	<u>\$ 4,872,312</u>	<u>\$ 1,397,984</u>	<u>\$ 1,173,972</u>	<u>\$ 9,631,214</u>	<u>\$ 17,075,482</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, 2007

Total net changes in fund balances for year ended September 30, 2007	\$ (6,329,146)
Add: Capital outlay which is considered expenditures	9,624,718
Less: Depreciation expense for the year ended September 30, 2007	(4,267,231)
Elimination of interfund revenues and expenditures:	
Add: Interfund transfers out	1,404,032
Less: Interfund transfers in	(1,404,032)
Less: Change in compensated absence accrual for the year ended September 30, 2007	(113,172)
Add: Capital lease payments considered as an expenditure	457,176
Add: Debt principal payments considered as an expenditure	2,069,552
Add: Donated fixed asset additions	1,096,049
Add: Forgiveness of debt by LCDC	457,176
Add: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	(59,258)
Less: Difference between revenue earned on special assessments on modified accrual basis versus revenue on special assessments on accrual basis	<u>(236,287)</u>
Change in net assets for year ended September 30, 2007	<u><u>\$ 2,699,577</u></u>

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

City of Coeur d'Alene, Idaho

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 September 30, 2007

	Business-type Activities - Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	Total Current Year
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,202,615	\$11,334,431	\$ 70,382	\$ 893,767	\$ 14,501,195
Receivables:					
Accounts, net of allowance for uncollectible accounts	778,423	855,403	280,584	239,241	2,153,651
Special assessments receivable		91,622			91,622
Due from Lake City Development Corp.	42,074				42,074
Due from other funds		115,000			115,000
Total current assets	<u>3,023,112</u>	<u>12,396,456</u>	<u>350,966</u>	<u>1,133,008</u>	<u>16,903,542</u>
Non-current assets:					
Bond issuance cost, net of amortization	4,418	49,293			53,711
Total restricted assets	<u>4,418</u>	<u>49,293</u>			<u>53,711</u>
Capital assets:					
Land	380,925	1,528,020		122,264	2,031,209
Other capital assets, net of accumulated depreciation	57,977,972	80,058,024		4,356,323	142,392,319
Total capital assets (net of accumulated depreciation)	<u>58,358,897</u>	<u>81,586,044</u>		<u>4,478,587</u>	<u>144,423,528</u>
Total non-current assets	<u>58,363,315</u>	<u>81,635,337</u>		<u>4,478,587</u>	<u>144,477,239</u>
Total assets	<u>61,386,427</u>	<u>94,031,793</u>	<u>350,966</u>	<u>5,611,595</u>	<u>161,380,781</u>
LIABILITIES					
Current liabilities:					
Accounts payable	83,657	446,996	52	39,087	569,792
Due to other funds				115,000	115,000
Accrued interest	5,083	10,728			15,811
Current portion of compensated absences	13,571	8,162			21,733
Current portion of long-term debt	301,108	290,000			591,108
Total current liabilities	<u>403,419</u>	<u>755,886</u>	<u>52</u>	<u>154,087</u>	<u>1,313,444</u>
Non-current liabilities:					
Compensated absences	114,841	178,216		48,741	341,798
Bonds payable, net of unamortized discounts		10,916,030			10,916,030
Total non-current liabilities	<u>114,841</u>	<u>11,094,246</u>	<u>11,094,246</u>	<u>48,741</u>	<u>11,257,828</u>
Total liabilities	<u>518,260</u>	<u>11,850,132</u>	<u>11,094,298</u>	<u>202,828</u>	<u>12,571,272</u>
NET ASSETS					
Invested in capital assets, net of related debt	58,052,706	70,369,286		782,369	129,204,361
Unreserved	2,815,461	11,812,375	350,914	4,626,398	19,605,148
Total net assets	<u>\$ 60,868,167</u>	<u>\$82,181,661</u>	<u>\$ 350,914</u>	<u>\$5,408,767</u>	<u>\$ 148,809,509</u>

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

City of Coeur d'Alene, Idaho

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2007

	Business-type Activities - Enterprise Funds				Total
	Water Fund	Wastewater Fund	Sanitation Fund	Other Enterprise	
OPERATING REVENUES					
Services	\$ 3,615,900	\$ 5,792,160	\$ 3,019,107	\$ 1,918,512	\$ 14,345,679
OPERATING EXPENSES					
Administration	1,399,486	756,778		362,837	2,519,101
Maintenance				162,992	162,992
Pumping	591,260				591,260
Treatment	20,694	1,679,728			1,700,422
Collection		495,293			495,293
Transportation and distribution	83,905				83,905
Supplies	1,663	13,778		42,499	57,940
Contracted services			2,553,433	467,557	3,020,990
Depreciation	2,052,304	2,992,548		203,913	5,248,765
Bad debt	3,296	4,279	1,761	1,848	11,184
Total operating expenses	<u>4,152,608</u>	<u>5,942,404</u>	<u>2,555,194</u>	<u>1,241,646</u>	<u>13,891,852</u>
Operating income (loss)	<u>(536,708)</u>	<u>(150,244)</u>	<u>463,913</u>	<u>676,866</u>	<u>453,827</u>
NONOPERATING REVENUES AND (EXPENSES)					
Capitalization fees	700,834	2,483,182			3,184,016
Amortization	(12,681)	17,432			4,751
Investment income	155,809	518,595	12,067	44,939	731,410
Interest expense	(25,583)	(137,784)			(163,367)
Total nonoperating revenues and (expenses)	<u>818,379</u>	<u>2,881,425</u>	<u>12,067</u>	<u>44,939</u>	<u>3,756,810</u>
Income before contributions and transfers	281,671	2,731,181	475,980	721,805	4,210,637
Capital contributions - tap fees	2,964,329	1,059,991			4,024,320
Operating transfers in	547,811	2,221,131		57,000	2,825,942
Operating transfers out	(1,064,725)	(2,871,422)	(396,444)	(332,968)	(4,665,559)
Change in net assets	<u>2,729,086</u>	<u>3,140,881</u>	<u>79,536</u>	<u>445,837</u>	<u>6,395,340</u>
Total net assets - beginning	40,570,589	57,240,002	271,378	2,158,249	100,240,218
Prior period adjustment	17,568,492	21,800,778		2,804,681	42,173,951
Total net assets - ending	<u>\$60,868,167</u>	<u>\$82,181,661</u>	<u>\$ 350,914</u>	<u>\$5,408,767</u>	<u>\$148,809,509</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, 2007**

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Other Proprietary Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 3,618,945	\$ 5,831,630	\$ 2,991,591	\$ 1,895,927	\$ 14,338,093
Payments to suppliers	(1,090,913)	(2,345,307)	(2,763,520)	(803,293)	(7,003,033)
Payments to employees	(1,145,316)	(1,662,246)		(325,036)	(3,132,598)
Net cash provided by operating activities	<u>1,382,716</u>	<u>1,824,077</u>	<u>228,071</u>	<u>767,598</u>	<u>4,202,462</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	547,811	2,221,131		57,000	2,825,942
Operating transfers out	(1,064,725)	(2,871,422)	(396,444)	(332,968)	(4,665,559)
Net cash (used) by noncapital financing activities	<u>(516,914)</u>	<u>(650,291)</u>	<u>(396,444)</u>	<u>(275,968)</u>	<u>(1,839,617)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bond payments	(310,000)	(280,000)			(590,000)
Interest paid	12,597	(138,480)			(125,883)
Capital asset purchases	(3,108,243)	(3,593,613)		(449,204)	(7,151,060)
Capitalization Fees	700,834	2,483,182			3,184,016
Net cash (used) by financing activities	<u>(2,704,812)</u>	<u>(1,528,911)</u>		<u>(449,204)</u>	<u>(4,682,927)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	130,226	518,595	12,067	44,939	705,827
Net cash provided by investing activities	<u>130,226</u>	<u>518,595</u>	<u>12,067</u>	<u>44,939</u>	<u>705,827</u>
Net increase (decrease) in cash and cash equivalents	(1,708,784)	163,470	(156,306)	87,365	(1,614,255)
Cash and cash equivalents, beginning of year	3,911,399	11,170,961	226,688	806,402	16,115,450
Cash and cash equivalents, end of year	<u>\$ 2,202,615</u>	<u>\$ 11,334,431</u>	<u>\$ 70,382</u>	<u>\$ 893,767</u>	<u>\$ 14,501,195</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ (536,708)	\$ (150,244)	\$ 463,913	\$ 676,866	\$ 453,827
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	2,052,303	2,992,548		203,914	5,248,765
(Increase) in accounts receivable	(24,881)	(79,446)	(27,516)	(22,585)	(154,428)
Decrease in due from other funds		100,000			100,000
Decrease in due from special assessment receivable	27,926	18,916			46,842
Increase (decrease) in accounts payable	(130,757)	(1,074,499)	(208,326)	3,226	(1,410,356)
(Decrease) in due to other funds				(100,000)	(100,000)
Increase in compensated absences	(5,167)	16,802		6,177	17,812
Net cash provided by operating activities	<u>\$ 1,382,716</u>	<u>\$ 1,824,077</u>	<u>\$ 228,071</u>	<u>\$ 767,598</u>	<u>\$ 4,202,462</u>

Non-cash capital and related financing activities:

\$2,964,329 of water lines were donated to the water fund by developers.
Developers during the year donated \$3,543,173 of sewer lines to the wastewater fund.

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, 2007**

	Police Retirement Pension Trust Funds	Sales Tax Trust Agency Fund	Business Improvement District Agency Fund	Kootenai County Solid Waste Agency Fund
ASSETS				
Cash and cash equivalents	\$ 25,878	\$ 1,283	\$ 153,323	\$ 170,465
Investments	1,318,750			
Due from other government unit	4,795			
Accounts receivable	17,572		11,030	
Total assets	<u>1,366,995</u>	<u>1,283</u>	<u>164,353</u>	<u>170,465</u>
LIABILITIES				
Deferred revenue	17,572			
Accounts payable		1,283		170,465
Deposits held and due to others			164,353	
Due to other government unit				
Total liabilities	<u>17,572</u>	<u>1,283</u>	<u>164,353</u>	<u>170,465</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 1,349,423</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, 2007

	<u>Police Retirement Pension Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 150,639
	<u>150,639</u>
Investment earnings:	
Interest	63,356
Net increase in the fair value of investments	9,142
Total investment earnings	<u>72,498</u>
Total additions	<u>223,137</u>
DEDUCTIONS	
Benefits	228,916
Trust fees	7,263
Miscellaneous	35
Total deductions	<u>236,214</u>
Change in net assets	(13,077)
Net assets, beginning of year	<u>1,362,500</u>
Net assets, end of year	<u>\$ 1,349,423</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, 2007

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, 2007

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 proprietary 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, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Project Fund Government Way Phase II is to administer expenditures for purpose of purchasing right of way and making major street improvements on Government Way from Interstate 90 to Dalton Ave.

Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary funds.

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

Fiduciary Fund financial statements consist of a statement of fiduciary net 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 13 and 14.

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.

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Proprietary Funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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.

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting - Budgetary Basis (Continued)

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

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

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

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

The City Council may only increase the total adopted budget during the year for unanticipated revenues, such as state and federal grants, donations to departments, and other unscheduled revenues. The adopted budget may be increased only by the amount of revenues received. Budget revisions must be advertised, discussed in a public hearing, and adopted through a resolution by the City Council. The budget for the fiscal year ending September 30, 2007 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.

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents, and Investments

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

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

Due To and From Other Funds

Interfund receivables and payables arise from interfund 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, 2007.

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.

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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 Water Revenue Bonds	13
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.

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2007, the total compensated absences payable by the City was \$2,330,694.

Compensated absences are reported as follows in the financial statements:

Governmental activities	\$1,967,163
Business-type activities	<u>363,531</u>
	<u>\$2,330,694</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.

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2006-07 Fiscal year were as follows: police retirement - .0107, liability insurance plan - .0076, library fund - .0677, general obligation bonds .0705 and general fund -.8435.

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, 2007 included the debt service fund LID #145 for (\$306,747).

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.

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

The carrying amounts of the City's deposits with financial institutions were \$9,634,276 and the bank balance was \$9,761,934. Cash on hand on September 30, 2007 was \$2,535. The bank balance was categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the City in its name	\$8,915,726
Uncollateralized	<u>846,208</u>
Total bank balance	<u>\$9,761,934</u>

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

Deposits	\$9,634,276
Cash on hand	2,535
Investments	<u>21,920,662</u>
	<u>\$31,557,473</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	\$12,369,769
Governmental Activities-investments	3,016,810
Business-type Activities-cash and cash equivalents	14,501,195
Fiduciary Funds-Police-cash and cash equivalents	25,878
Fiduciary Funds-Police-investments	1,318,750
Fiduciary Funds-Sales Tax-cash and cash equivalents	1,283
Fiduciary Funds-Business Improvement-cash and cash equivalents	153,323
Fiduciary Funds-Kootenai Cty Solid Waste-cash and cash equivalents	<u>170,465</u>
	<u>\$31,557,473</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

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	\$2,621,892			\$ 2,621,892	\$ 2,621,892
U.S. Government Securities	<u>7,971,557</u>	\$ -0-	\$ -0-	7,971,557	8,034,499
Investment in State Investment Pool				<u>11,327,213</u>	<u>11,327,213</u>
 Total Investments				 <u>\$21,920,662</u>	 <u>\$21,983,604</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, 2007 do not include the \$11,327,213 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.

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 3: ACCOUNTS RECEIVABLE

Enterprise accounts receivable consist of the following as of September 30, 2007:

Amounts due from customers	\$2,174,774
Less allowance for uncollectible accounts	<u>(21,123)</u>
	<u>\$2,153,651</u>

NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2007 and are recorded in the debt service fund:

Deferred principal amounts not currently due, but due at a future date	<u>\$839,628</u>
--	------------------

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, 2007, is as follows:

Plant and equipment and accumulated depreciation are as follows:

	September 30, 2006	Additions	Deletions	Adjustments	September 30, 2007
Governmental Activities:					
Land	\$ 9,906,754	\$ 35,875		\$(1,472,442)	\$ 8,470,187
Buildings	10,085,717	6,840,975		(548,852)	16,377,840
Other Improvements	2,660,787	623,216		2,698,811	5,982,814
Equipment	10,354,085	1,788,580		2,533,673	14,676,338
Infrastructure	<u>3,738,143</u>	<u>1,432,119</u>		<u>114,096,329</u>	<u>119,266,591</u>
Total capital assets	<u>36,745,486</u>	<u>10,720,765</u>		<u>117,307,519</u>	<u>164,773,770</u>
Less: Accumulated Depreciation					
Buildings	(3,582,680)	(515,569)		514,822	(3,583,427)
Other Improvements	(559,754)	(193,534)		(1,848,211)	(2,601,499)
Equipment	(6,974,449)	(923,829)		(907,092)	(8,805,370)
Infrastructure	<u>(408,521)</u>	<u>(2,634,299)</u>		<u>(19,624,113)</u>	<u>(22,666,933)</u>
Total accumulated depreciation	<u>(11,525,404)</u>	<u>(4,267,231)</u>		<u>(21,864,594)</u>	<u>(37,657,229)</u>
Governmental activities					
capital assets net	<u>\$25,220,082</u>	<u>\$6,453,534</u>		<u>\$95,442,925</u>	<u>\$127,116,541</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 5: CAPITAL ASSETS (CONTINUED)

	September 30, 2006	Additions	Deletions	Adjustments	September 30, 2007
Business-Type Activities:					
Land	\$ 2,031,209				\$ 2,031,209
Reservoir	5,882,215	\$ 187,067			6,069,282
Wells and Booster Stations	5,370,751	128,284		\$ 1,373,464	6,872,499
Distribution System	36,761,853	5,104,964		24,800,830	66,667,647
Collection	32,955,393	1,760,902		(3,984,564)	30,731,731
Plant	41,603,548	2,740,973		34,186,682	78,531,203
Street Lights	665,432			110,500	775,932
Equipment	5,418,906	856,937		189,090	6,464,933
Improvements	1,097,289	396,254		4,359,000	5,852,543
Total capital assets	<u>131,786,596</u>	<u>11,175,381</u>		<u>61,035,002</u>	<u>203,996,979</u>
Less: Accumulated Depreciation					
Reservoir	(1,173,767)	(339,590)			(1,513,357)
Wells and Booster Stations	(1,911,349)	(162,538)		(676,313)	(2,750,200)
Distribution System	(11,067,372)	(1,390,117)		(7,934,124)	(20,391,613)
Collection	(7,176,062)	(585,755)		2,016,439	(5,745,378)
Plant	(11,346,150)	(2,277,188)		(10,547,363)	(24,170,701)
Street Lights	(307,780)	(26,597)		(52,659)	(387,036)
Equipment	(2,174,647)	(324,318)		(54,873)	(2,553,838)
Improvements	(306,508)	(142,661)		(1,612,159)	(2,061,328)
Total accumulated depreciation	<u>(35,463,635)</u>	<u>(5,248,764)</u>		<u>(18,861,052)</u>	<u>(59,573,451)</u>
Business-Type activities capital assets net	<u>\$ 96,322,961</u>	<u>\$5,926,617</u>		<u>\$ 42,173,950</u>	<u>\$144,423,528</u>

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

Governmental activities:	
General government	\$ 91,854
Public works	3,013,949
Culture and Recreations	668,189
Public Safety	<u>493,239</u>
Total depreciation expense – governmental activities	<u>\$4,267,231</u>

Business-type activities:	
Water	\$2,052,304
Waste water	2,992,548
Street lighting	26,597
Storm water	143,637
Public Parks	<u>33,678</u>
Total depreciation expense – business-type activities	<u>\$5,248,764</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 6: CHANGES IN LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2007, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:				\$	
General obligation bonds payable	\$ 11,680,000		\$ (1,405,000)	10,275,000	\$ 1,515,000
Special assessment bonds payable	2,193,018		(385,351)	1,807,667	314,766
Deferred amounts:					
For issuance premium	230,109		(26,223)	203,886	26,233
Total bonds payable	14,103,127		(1,816,574)	12,286,553	1,855,999
Certificates of Participation	805,000		(115,000)	690,000	125,000
Lease purchase contracts payable	621,377		(621,377)		
Note Payable – Component unit	457,176		(457,176)		
Compensated absences	1,853,993	\$ 113,170		1,967,163	134,328
Governmental activities					
Long-term liabilities	<u>\$17,840,673</u>	<u>\$113,170</u>	<u>\$(3,010,127)</u>	<u>\$14,943,716</u>	<u>\$2,115,327</u>
Business-type activities:					
Revenue bonds payable	\$ 3,587,845		\$ (581,737)	\$3,006,108	\$591,108
Deferred amounts:					
For issuance premium	212,344		(23,594)	188,750	23,594
Total bonds payable	3,800,189		(605,331)	3,194,858	614,702
State Loan Payable	8,312,280			8,312,280	
Compensated absences	327,955	\$ 35,576		363,531	21,733
Business-type activities					
Long-term liabilities	<u>\$ 12,440,424</u>	<u>\$ 35,576</u>	<u>\$(605,331)</u>	<u>\$11,870,669</u>	<u>\$636,435</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 water fund at September 30, 2007 consist of the following issue:

Issue	FY End 9-30	Rate	Principal	Interest	Total
1995 Water Revenue Refunding:	2008	5.00	<u>\$303,551</u>	<u>\$15,250</u>	<u>\$318,801</u>
Total 1995 water revenue refunding bonds			<u>303,551</u>	<u>15,250</u>	<u>318,801</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 7: BONDS AND LEASES PAYABLE (Continued)

Revenue bonds payable from the wastewater fund at September 30, 2007 are composed of the following issues:

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	2008	3.00	\$ 290,000	\$129,450	\$ 419,450
	2009	5.00	295,000	120,750	415,750
	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>2,705,000</u>	<u>636,950</u>	<u>3,341,950</u>
Total revenue bonds payable			<u>\$3,008,551</u>	<u>\$652,200</u>	<u>\$3,660,751</u>

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

General Obligation Bonds payable for the governmental activities at September 30, 2007 consist of the following issue:

Issue	FY End		Principal	Interest	Total
	9-30	Rate			
2006 Street Improvement Refunding Bonds:	2008	4.25%	\$ 660,000	\$340,975	\$1,000,975
	2009	4.25%	690,000	312,550	1,002,550
	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
	2013-2017	4.25-4.50%	2,830,000	611,250	3,441,250
	2018-2022	4.50-5.00%	845,000	255,950	1,100,950
	2023-2025	4.50%	605,000	55,125	660,125
Total 2006 Street Improvement bonds			<u>\$7,875,000</u>	<u>\$2,332,875</u>	<u>\$10,207,875</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

General Obligation Bonds (Continued)

Issue	FY End		Principal	Interest	Total
	9-30	Rate			
2002 Street Improvement Refunding Bonds:	2008	3.75%	675,000	71,713	746,713
	2009	4.00%	690,000	46,400	736,400
	2010	4.00%	230,000	18,800	248,800
	2011	4.00%	<u>240,000</u>	<u>9,600</u>	<u>249,600</u>
Total 2002 Street Improvement bonds			<u>1,835,000</u>	<u>146,513</u>	<u>1,981,513</u>

Issue	FY End		Principal	Interest	Total
	9-30	Rate			
2000 Street Improvement Bonds:	2008	5.10%	180,000	25,433	205,433
	2009	5.20%	190,000	17,423	207,423
	2010	5.30%	<u>195,000</u>	<u>8,873</u>	<u>203,873</u>
Total 2000 street improvement bonds			<u>565,000</u>	<u>51,729</u>	<u>616,729</u>
Total General Obligation Bonds			<u>\$10,275,000</u>	<u>\$2,531,117</u>	<u>\$12,806,117</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, 2007 from benefited property owners and, in the event of default, from the LID Guarantee fund is composed of the following issues:

Issue	FY End		Principal	Interest	Total
	30-Sep	Rate			
#124 & 125	2008	4.00%	\$ 40,832	\$ 8,846	\$ 49,678
	2009	4.00%	42,465	7,213	49,678
	2010	4.00%	44,165	5,513	49,678
	2011	4.00%	45,931	3,747	49,678
	2012	4.00%	47,767	1,910	49,677
#127 & #128	2008	4.00%	40,969	8,877	49,846
	2009	4.00%	42,608	7,238	49,846
	2010	4.00%	44,313	5,533	49,846
	2011	4.00%	46,084	3,761	49,845
	2012	4.00%	47,928	1,917	49,845

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

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>
#129 & 132	2008	4.00%	32,965	15,831	48,796
	2009	4.00%	34,283	14,513	48,796
	2010	4.00%	35,655	13,141	48,796
	2011	4.00%	37,081	11,715	48,796
	2012	4.00%	38,564	10,232	48,796
	2013	4.00%	40,107	8,689	48,796
	2014	4.00%	41,711	7,085	48,796
	2015	4.00%	43,379	5,417	48,796
	2016	4.00%	45,114	3,681	48,795
	2017	4.00%	45,745	1,877	47,622
#130, 135 & 136	2008	6.00%	75,000	27,533	102,533
	2009	6.00%	85,000	23,033	108,033
	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
#133, 139, & 142	2008	4.85%	40,000	1,940	41,940
#143 & 144	2008	5.15%	20,000	2,080	22,080
	2009	5.25%	20,000	1,050	21,050
#146	2008	3.50%	65,000	18,455	83,455
	2009	3.90%	70,000	16,180	86,180
	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>\$1,807,666</u>	<u>\$328,893</u>	<u>\$2,136,559</u>

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 7: BONDS AND LEASES PAYABLE (CONTINUED)

Certificates of Participation are as follows at September 30, 2007. 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		Principal	Interest	Total
	30-Sep	Rate			
2001 Certificates of Participation:					\$163,435
	2008	5.35%	\$125,000	\$ 38,435	
	2009	5.50%	130,000	31,748	161,748
	2010	5.55%	135,000	24,598	159,598
	2011	5.65%	145,000	17,105	162,105
	2012	5.75%	155,000	8,913	163,913
Total 2001 Certificates of Participation			<u>\$690,000</u>	<u>\$120,799</u>	<u>\$810,799</u>

State loan payable: The City entered into a long-term obligation with the State of Idaho for improvements to the City's wastewater system. Repayment of the principal balance does not begin until the project is complete. At September 30, 2007 the amount advanced from the state was \$8,312,280. Interest is being paid at 3.75%.

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			\$ 1,967,163		\$ 1,967,163
2008	\$ 1,515,000	\$ 314,766		\$ 125,000	1,954,766
2009	1,570,000	294,356		130,000	1,994,356
2010	1,140,000	284,133		135,000	1,559,133
2011	990,000	239,096		145,000	1,374,096
2012	780,000	249,259		155,000	1,184,259
Thereafter	4,280,000	426,056			4,706,056
	<u>\$10,275,000</u>	<u>\$1,807,666</u>	<u>\$ 1,967,163</u>	<u>\$ 690,000</u>	14,739,829
			Plus issuance premium - net		64,720
			Total Govt Long-term liabilities		<u>\$14,804,549</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

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>Water Revenue Refunding Bonds</u>	<u>Wastewater 2004 Revenue Bonds</u>	<u>Compensated Absences</u>	<u>Total (Memo Only)</u>
Unknown			\$ 363,531	\$ 363,531
2008	\$ 303,551	\$ 290,000		593,551
2009		295,000		295,000
2010		310,000		310,000
2011		325,000		325,000
2012		345,000		345,000
Thereafter		1,140,000		1,140,000
	<u>\$ 303,551</u>	<u>\$ 2,705,000</u>	<u>\$ 363,531</u>	<u>\$ 3,372,082</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, 2007.

NOTE 8: INTERFUND TRANSACTIONS

Due to/from other funds as of September 30, 2007:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Funds	\$306,747
Wastewater Fund	Stormwater Fund	115,000
Total All Funds		<u>\$421,747</u>

Interfund transfers as of September 30, 2007:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,875,019	\$ 192,462
Debt Service Fund-2006 GO Bonds		29,198
Special Revenue Non-major funds	503,322	1,120,560
Debt Service Non-major Funds	27,329	27,329
Capital Projects Non-major Funds	837,979	34,483
Water Fund	547,811	1,064,725
Wastewater Fund	2,221,131	2,871,422
Sanitation Fund		396,444
Enterprise Funds Non-major	57,000	332,968
Total	<u>\$6,069,591</u>	<u>\$6,069,591</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.

The amounts due from the Stormwater Fund will be repaid as this new utility begins to charge and collect Stormwater fees beginning November of 2004.

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

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, 2007, there were no liabilities in the insurance fund that were probable and could be reasonably estimated.

	September 30 2007	September 30 2006
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims	45,339	49,209
Claim payments	45,339	49,209
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 can choose one of two health care plans offered by the City. These are Options Health Care or Blue Cross of Idaho. 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.

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

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, 2007, 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	\$2,981,038	\$12,281,456
Due from Urban Renewal Agency	42,074	
Due from other funds		115,000
Bond issuance cost and bond discounts net of amortization	8,310	49,293
Capital assets	58,358,897	81,586,044
Total assets	61,390,319	94,031,793
Liabilities:		
Current liabilities	407,311	755,886
Noncurrent liabilities	114,841	11,094,246
Total liabilities	522,152	11,850,132
Net assets:		
Invested in capital assets, net of related debt	58,048,814	70,369,286
Unrestricted	2,819,353	11,812,375
Total net assets	\$60,868,167	\$82,181,661

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

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

	Water Funds	Wastewater Funds
Charges for services	\$3,615,900	\$5,792,160
Depreciation expense	(2,052,304)	(2,992,548)
Other operating expenses	(2,100,304)	(2,949,856)
Operating income	(536,708)	(150,244)
Nonoperating revenues (expenses):		
Capitalization fees	700,834	2,483,182
Investment earnings	155,809	518,595
Interest expense	(25,583)	(137,784)
Amortization	(12,681)	17,432
Capital contributions	2,964,329	1,059,991
Operating transfer out	(516,914)	(650,291)
Change in net assets	2,729,086	3,140,881
Beginning net assets	40,570,589	57,240,002
Prior period adjustment	17,568,492	21,800,778
Ending net assets	\$60,868,167	\$82,181,661

CONDENSED STATEMENT OF CASH FLOWS

	Water Funds	Wastewater Funds
Net cash provided (used) by:		
Operating activities	\$1,382,716	\$1,824,077
Noncapital financing activities	(516,914)	(650,291)
Capital and related financing activities	(2,704,812)	(1,528,911)
Investing activities	130,226	518,595
Net increase (decrease)	(1,708,784)	163,470
Beginning cash and cash equivalents	3,911,399	11,170,961
Ending cash and cash equivalents	\$2,202,615	\$11,334,431

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 12: DESIGNATED FUND BALANCES

General fund balances designated for specific purposes consisted of the following as of September 30, 2007.

Repavement of Rotary Tennis Courts	\$ 35,884
LID Reserve	80,000
Equipment Storage Building	30,605
KCJA Drug Task Force	151,641
Huetter Interceptor Fees	458,800
Police Drug Dog	3,564
Honor Guard	152
Traffic Signal Upgrades	28,376
Bellerive Subdivision Agreement	25,000
Street Overlay	120,084
Sick Leave Option 2	<u>141,883</u>
Total Designated	<u>\$1,075,989</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 \$2,220,892 and the bank balance is \$2,236,046. As of September 30, 2007, 1,795,594 of the Corporation's bank balance was exposed to custodial credit risk as follows.

Amount insured by FDIC	\$ 440,452
Uninsured and uncollateralized	<u>1,795,594</u>
	<u>\$2,236,046</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

Capital Assets

Activity for Lake City Development Corporation fiscal year ended September 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$1,246,671	\$545,777		\$1,792,448
Total capital assets not being depreciated	<u>1,246,671</u>	<u>545,777</u>		<u>1,792,448</u>
Capital assets, being depreciated:				
Undeveloped land	696,470			696,470
Buildings and sites	<u>2,321,049</u>	<u>103,265</u>	\$(121,425)	<u>2,302,889</u>
Total capital assets being depreciated	<u>3,017,519</u>	<u>103,265</u>	<u>(121,425)</u>	<u>2,999,359</u>
Less accumulated depreciation for:				
Buildings and sites	<u>125,907</u>	<u>60,158</u>	<u>(768)</u>	<u>185,297</u>
Total accumulated depreciation	<u>125,907</u>	<u>60,158</u>	<u>(768)</u>	<u>185,297</u>
Total capital assets, being depreciated, net	<u>2,891,612</u>	<u>43,107</u>	<u>(120,657)</u>	<u>2,814,062</u>
Governmental activities capital assets, net	<u>\$4,138,283</u>	<u>\$588,884</u>	<u>\$(120,657)</u>	<u>\$4,606,510</u>

Agency Notes Payable

On June 18, 1998, the Corporation entered into a contract with the Revocable Living Trust of Charles H. and Elizabeth M. Kimball for the purchase of property. The total purchase price was \$130,000, of which \$20,000 was paid at closing. Repayment terms are annual payments, due July 1st, bearing interest at the rate of 6.00%. 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>
2008	6.00%	\$ 14,159	\$ 820	\$ 14,979
		<u>\$ 14,159</u>	<u>\$ 820</u>	<u>\$ 14,979</u>

Agency Notes Payable (Continued)

On September 30, 1998, the Corporation entered into a contract with Gridley Properties for the purchase of property. The total purchase price was \$84,000, of which \$10,000 was paid at closing. Repayment terms are annual payments, due September 30th, bearing interest at the rate of 7.00%. 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>
2008	7.00%	\$ 10,430	\$ 164	\$ 10,594
		<u>\$ 10,430</u>	<u>\$ 164</u>	<u>\$ 10,594</u>

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

On April 23, 2001, the 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 the Corporation refinanced this note payable through Washington Trust Bank. The total 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 is due April 1, 2008. The annual requirement to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2008	4.15%	\$ 769,319	\$ 30,665	\$ 799,984
		<u>\$ 769,319</u>	<u>\$ 30,665</u>	<u>\$ 799,984</u>

On July 19, 2002, the Corporation entered into a contract to purchase property at 620 N. Lincoln Way. 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
2008	4.65%	\$ 1,758	\$ 2,577	\$ 4,335
2009	4.65%	1,848	2,486	4,334
2010	4.65%	1,936	2,398	4,334
2011	4.65%	2,028	2,306	4,334
2012	4.65%	47,972	1,868	49,840
		<u>\$ 55,542</u>	<u>\$ 11,635</u>	<u>\$ 67,177</u>

On January 10, 2003, the Corporation entered into a contract to purchase property at 622 N. Lincoln Way. 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%. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2008	4.37%	\$ 46,264	\$ 1,144	\$ 47,408
		<u>\$ 46,264</u>	<u>\$ 1,144</u>	<u>\$ 47,408</u>

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

On August 7, 2003, the Corporation entered into a contract to purchase property at 612 N. Lincoln Way. 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
2008	3.70%	\$ 2,671	\$ 2,066	\$ 4,737
2009	3.70%	2,772	1,965	4,737
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
		\$ 56,904	\$ 10,834	\$ 67,738

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
2008	4.75%	\$ 7,382	\$ 12,557	\$ 19,939
2009	4.75%	7,740	12,198	19,938
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
		\$ 267,683	\$ 76,940	\$ 344,623

On October 24, 2003, the Corporation entered into a contract to purchase property at 626 N Lincoln Way. 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
2008	6.78%	\$ 3,243	\$ 2,943	\$ 6,186
2009	6.78%	3,140	4,317	7,457
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
		\$ 72,906	\$ 24,056	\$ 96,962

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

On January 4, 2005, the Corporation entered into a contract to purchase property at 632 Lincoln Way. 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. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2008	4.29%	\$ 2,929	\$ 4,014	\$ 6,943
2009	4.29%	3,057	3,886	6,943
2010	6.90%	2,772	5,274	8,046
2011	6.90%	2,738	5,859	8,597
2012	6.90%	2,933	5,664	8,597
2013	6.90%	3,142	5,455	8,597
2014	6.90%	3,366	5,231	8,597
2015	6.90%	73,975	1,074	75,049
		<u>\$ 94,912</u>	<u>\$ 36,457</u>	<u>\$ 131,369</u>

On March 30, 2005, the Corporation entered into a contract to purchase property at 604 Lincoln Way. 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
2008	4.58%	\$ 3,544	\$ 6,195	\$ 9,739
2009	4.58%	3,710	6,029	9,739
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>\$136,896</u>	<u>\$61,088</u>	<u>\$197,984</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

On July 14, 2005, the Corporation entered into a contract to purchase property at 608 N Lincoln Way. 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:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2008	4.55%	\$ 4,635	\$ 7,987	\$ 12,622
2009	4.55%	4,851	7,771	12,622
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>\$177,794</u>	<u>\$56,226</u>	<u>\$234,020</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:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2008	4.58%	\$ 5,878	\$10,000	\$ 15,878
2009	4.58%	6,153	9,725	15,878
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>\$221,170</u>	<u>\$98,130</u>	<u>\$319,300</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

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
2008	4.55%	\$ 8,214	\$ 15,561	\$ 23,775
2009	4.55%	8,605	15,170	23,775
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>\$337,776</u>	<u>\$115,643</u>	<u>\$453,419</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. The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2008	4.64%	\$ 5,804	\$ 11,033	\$ 16,837
2009	4.64%	6,079	10,757	16,836
2010	4.64%	6,368	10,469	16,837
2011	7.62%	2,801	14,035	16,836
2012	7.62%	107	16,729	16,836
2013	7.62%	116	16,720	16,836
2014	7.62%	125	16,711	16,836
2015	7.62%	135	16,701	16,836
2016	7.62%	218,162	6,956	225,118
		<u>\$239,697</u>	<u>\$120,111</u>	<u>\$359,808</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

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
2008	4.82%	\$ 12,250	\$ 27,076	\$ 39,326
2009	4.82%	12,876	26,450	39,326
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>\$547,713</u>	<u>\$211,293</u>	<u>\$759,006</u>

On May 31, 2002, the Corporation entered into a contract to purchase property at 630 N. Lincoln Way. 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
2008	4.71%	\$ 1,671	\$ 2,491	\$ 4,162
2009	4.71%	1,753	2,409	4,162
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>\$52,861</u>	<u>\$10,718</u>	<u>\$63,579</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

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
2008	4.71%	\$ 3,541	\$ 5,278	\$ 8,819
2009	4.71%	3,714	5,105	8,819
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>\$112,009</u>	<u>\$22,709</u>	<u>\$134,718</u>

On June 6, 2003, the Corporation entered into a contract to purchase property at 618 N. Lincoln Way. 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
2008	5.25%	\$ 2,933	\$ 3,273	\$ 6,206
2009	5.25%	3,091	3,115	6,206
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>\$63,609</u>	<u>\$14,070</u>	<u>\$77,679</u>

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

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, leaving the remainder to be paid off over four years. The present value and repayment terms based on an imputed interest rate of 5.40% is as follows:

Fiscal year ending September 30,	Rate	Principal	Interest	Payment
2008	5.40%	\$ 40,514	\$ 9,486	\$ 50,000
2009	5.40%	42,702	7,298	50,000
2010	5.40%	45,008	4,992	50,000
2011	5.40%	47,438	2,562	50,000
		<u>\$175,662</u>	<u>\$24,338</u>	<u>\$ 200,000</u>

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. The financing is to be used on the Mill River Development project. Maturity set approximately twelve years from dated date, March 1 of 2017. Unscheduled principal payments will be 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 will be equal to 30-day LIBOR rate plus 250 basis points. The interest rate will be 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 is calculated on an actual/360-day basis. Interest is due semiannually beginning September 1, 2005. As of September 30, 2007 the Lake City Development Corporation has taken out \$3,799,931 of the available \$4,000,000.

In December, 2006, the Agency 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 Agency 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 Agency 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, 2007**

NOTE 13: COMPONENT UNIT DISCLOSURES (CONTINUED)

The following is a summary of debt activity for the year ended September 30, 2007.

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Kimbal Property	\$ 27,460		\$ 13,301	\$ 14,159	\$ 14,159
Gridley Property	19,630		9,200	10,430	10,430
Library site	804,134		34,815	769,319	769,319
630 N. Lincoln Way	54,250		1,389	52,861	1,671
728 Sherman Avenue	114,802		2,793	112,009	3,541
620 N. Lincoln Way	57,227		1,685	55,542	1,758
311 Lakeside	17,829		17,829		
622 N. Lincoln Way	48,364		2,100	46,264	46,264
618 N. Lincoln Way	66,203		2,594	63,609	2,933
308 E. CDA Avenue	40,748		40,748		
612 N. Lincoln Way	59,478		2,574	56,904	2,671
515 W. Garden Avenue	274,723		7,040	267,683	7,382
626 N. Lincoln Way	76,019		3,113	72,906	3,243
2903 N. Ramsey	448,680		448,680		
632 Lincoln Way	97,718		2,806	94,912	2,929
604 Lincoln Way	140,282		3,386	136,896	3,544
608 Lincoln Way	182,223		4,429	177,794	4,635
211 N. 4th Street	226,785		5,615	221,170	5,878
Miller River Project	3,571,078			3,799,931	
712 E. Young Avenue	345,617		7,841	337,776	8,214
813-817 N. 4th Street	245,238	228,853	5,541	239,697	5,804
301 E. Lakeside Avenue	559,367		11,654	547,713	12,250
North Idaho Centennial Trail Foundation		2,509,048		2,509,048	
Library Construction Grant		225,662	50,000	175,662	40,514
	<u>\$ 7,477,855</u>	<u>\$2,963,563</u>	<u>\$ 679,133</u>	<u>\$ 9,762,285</u>	<u>\$ 947,139</u>

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.

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For the period October 01, 2006 through September 30, 2007, 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 \$2,180,378, \$1,978,538, and \$1,801,186 for the three years ended September 30, 2007, 2006, and 2005, 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

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 nine members and four spouses currently receiving benefits. There are no terminated members entitled to but not yet receiving benefits. Separate financial statements are not issued for The Police Retirement Fund.

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

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

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

The Police Retirement Fund is accounted for on a flow of economic resources measurement focus and uses an accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

(Continued)

City of Coeur d'Alene, Idaho

NOTES TO THE FINANCIAL STATEMENTS September 30, 2007

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Single-Employer Defined Benefit Pension Plan (Continued)

The fair value of investments is determined by the trust department of the bank that administers the 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, 2007. 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 4% and investment returns of 6%. Any adverse future experience of the Fund will require an increase in the minimum recommended contribution of \$152,000.

There are no long-term contracts for contributions to the plan or any legally required reserves. Investments at year end included cash equivalents of \$25,878 and U.S. Government issues of \$1,318,750. 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.

(Continued)

City of Coeur d'Alene, Idaho

**NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007**

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy (Continued)

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.

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, 2007. 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	<u>(1,381)</u>
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.

(Continued)

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2007

NOTE 15: POST EMPLOYMENT HEALTH PLANS

The City has a Post Employment Health Plan for all full time employees, and some part-time employees. The City makes semi-monthly contributions to a medical trust established under IRS code section 501(c)(9) on behalf of the participants utilizing existing funding sources. Individual accounts are established for the benefit of and are the property of each participant. Each participant is responsible for selecting the investment vehicle for his/her account. The employee may use the accumulated balance for IRS allowable medical expenses for themselves and qualified dependents. The City has no ongoing responsibility for the trust and has not recorded it in the financial statements.

NOTE 16: SUBSEQUENT EVENTS

On November 29, 2001, the District Court of the First Judicial District of the State of Idaho, gave the City of Coeur d'Alene the authority to issue revenue bonds in the total aggregate amount of \$28,000,000.

On December 1, 2007, the City of Coeur d'Alene issued Sewer Revenue Bond Series 2007 in the amount of \$15,000,000 to acquire and construct a portion of the improvements to the sewer facilities of the City. The Bonds were sold to the State of Idaho Department of Environmental Quality. The Bonds have an interest rate of 3.75% and are payable semiannually on June 1st and December 1 beginning June 1, 2008. The Bonds are scheduled to mature on December 1, 2027. The payments for this obligation will be funded through the fees charged by the City for wastewater services.

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, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 11,975,428	\$ 11,975,428	\$ 11,922,533	\$ (52,895)
Licenses and permits	3,339,019	3,575,970	4,177,416	601,446
Intergovernmental	6,633,139	7,131,469	7,141,235	9,766
Charges for services	245,750	356,638	340,137	(16,501)
Fines and forfeits	354,940	397,075	492,578	95,503
Interest	100,000	250,000	484,007	234,007
Miscellaneous	79,000	87,213	88,070	857
Total revenues	<u>22,727,276</u>	<u>23,773,793</u>	<u>24,645,976</u>	<u>872,183</u>
EXPENDITURES				
Current:				
General government	4,692,969	8,019,424	7,811,169	208,255
Public safety	13,096,656	13,388,444	13,335,422	53,022
Public works	4,159,999	4,420,046	4,023,895	396,151
Culture and recreation	2,018,109	2,058,259	1,925,804	132,455
Capital outlay	685,194	801,454	630,542	170,912
Total expenditures	<u>24,652,927</u>	<u>28,687,627</u>	<u>27,726,832</u>	<u>960,795</u>
Excess (deficiency) of revenues (under) over expenditures	<u>(1,925,651)</u>	<u>(4,913,834)</u>	<u>(3,080,856)</u>	<u>1,832,978</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,839,353	1,859,353	1,875,019	15,666
Operating transfers out	<u>(126,982)</u>	<u>(183,982)</u>	<u>(192,462)</u>	<u>(8,480)</u>
Proceeds from capital lease				
Total other financing sources (uses)	<u>1,712,371</u>	<u>1,675,371</u>	<u>1,682,557</u>	<u>7,186</u>
Net change in fund balances	<u>(213,280)</u>	<u>(3,238,463)</u>	<u>(1,398,299)</u>	<u>1,840,164</u>
Fund balances - beginning of year	<u>213,280</u>	<u>3,238,463</u>	<u>6,270,534</u>	<u>3,032,071</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,872,235</u>	<u>\$ 4,872,235</u>

**REQUIRED SUPPLEMENTARY INFORMATION
POLICE RETIREMENT TRUST FUND**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Actual Employer Contribution	Annual Required Contribution (ARC)	Percentage Of ARC Contributed
9/30/98	\$150,612	\$150,000	100.41%
9/30/99	152,912	152,000	99.94%
9/30/00	151,262	152,000	99.51%
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%

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

SCHEDULE OF FUNDING PROGRESS

Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAL as a Percentage Of Covered Payroll
9/30/97	\$1,354,000	\$3,348,000	\$1,994,000	40.44%	\$0*	N/A
9/30/98	1,433,000	3,348,000	1,915,000	42.80%	\$0*	N/A
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

* All members are retired

City of Coeur d'Alene, Idaho

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

FIVE-YEAR TREND INFORMATION*

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as A Percentage of APC	Net Pension Obligation (NPO)
September 30, 2000	\$152,005	100%	\$225
September 30, 2001	151,997	101%	(745)
September 30, 2002	152,010	100%	(391)
September 30, 2003	152,008	100%	(778)
September 30, 2004	152,010	100%	(1,374)
September 30, 2005	152,014	100%	(2,714)
September 30, 2006	152,024	100%	(2,690)
September 30, 2007	152,024	99%	(1,381)

ANNUAL DEVELOPMENT OF PENSION COSTS*

Fiscal Year Ending	ARC at EOY	Interest on NPO	ARC Adjust	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Balance	Gain/ Loss	Amort. Factor	Amort. of Gain/ Loss	Ending Balance
9/30/98	\$ 150,000	\$0	\$0	\$ 150,000	\$150,612	\$(612)	\$(612)	\$(612)	-	-	\$(612)
9/30/99	152,000	(41)	(47)	152,006	151,912	94	(518)	88	13.01	\$(47)	(518)
9/30/00	152,000	(35)	(40)	152,005	151,262	743	225	738	12.85	(40)	225
9/30/01	152,000	15	18	151,997	152,967	(970)	(745)	(967)	12.69	18	(745)
9/30/02	152,000	(50)	(60)	152,010	151,656	354	(391)	344	12.51	(60)	(391)
9/30/03	152,000	(26)	(34)	152,008	152,395	(387)	(778)	(395)	11.50	(34)	(778)
9/30/04	152,000	(53)	(63)	152,010	152,606	(596)	(1,374)	(606)	12.40	(63)	(1,374)
9/30/05	152,000	(93)	(107)	152,014	152,354	(1,340)	(2,714)	(1,354)	12.80	(107)	(2,714)
9/30/06	152,000	(183)	(207)	152,024	152,076	(52)	(2,690)	-0-	13.10	(207)	(2,690)
9/30/07	152,000	(187)	(211)	152,024	152,639	1,385	(1,381)	1,361	13.10	(211)	(1,381)

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

City of Coeur d'Alene, Idaho

**COMBINING BALANCE SHEET - BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total No major Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 6,533,425	\$ 955,475	\$ 424,884	\$ 7,913,784
Investments	2,017,729			2,017,729
Receivables:				
Taxes delinquent	18,262			18,262
Accounts	14,618			14,618
Assessments:				
Delinquent		92,564		92,564
Deferred		839,628		839,628
Due from other governments	<u>130,001</u>			<u>130,001</u>
Due from other fund				
Total assets	<u><u>\$ 8,714,035</u></u>	<u><u>\$ 1,887,667</u></u>	<u><u>\$ 424,884</u></u>	<u><u>\$ 11,026,586</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 138,097			\$ 138,097
Due to other funds		\$ 306,747		306,747
Deferred revenues	<u>19,162</u>	<u>931,366</u>		<u>950,528</u>
Total liabilities	<u>157,259</u>	<u>1,238,113</u>		<u>1,395,372</u>
Fund balances:				
Reserved	8,221,557	649,554		8,871,111
Unreserved, undesignated	<u>335,219</u>		<u>\$ 424,884</u>	<u>760,103</u>
Total fund balances	<u>8,556,776</u>	<u>649,554</u>	<u>424,884</u>	<u>9,631,214</u>
Total liabilities and fund balances	<u><u>\$ 8,714,035</u></u>	<u><u>\$ 1,887,667</u></u>	<u><u>\$ 424,884</u></u>	<u><u>\$ 11,026,586</u></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, 2007**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ 1,057,141			\$ 1,057,141
Intergovernmental	612,367		\$ 208,853	821,220
Charges for services	2,260,850			2,260,850
Fines and forfeits	9,177			9,177
Assessments collected		\$ 236,287		236,287
Investment income	157,577		45,511	203,088
Unrealized gain on investments	19,567			19,567
Interest	222,793			222,793
Contributions			44,286	44,286
Miscellaneous	116,529			116,529
Penalty and interest		51,327		51,327
Total revenues	<u>4,456,001</u>	<u>287,614</u>	<u>298,650</u>	<u>5,042,265</u>
EXPENDITURES				
Current:				
General government	1,212,354			1,212,354
Culture and recreation	1,190,331			1,190,331
Administrative expenses			27,578	27,578
Capital outlay	333,238		1,717,476	2,050,714
Debt service:				
Principal payments		385,351		385,351
Interest, fees and other		110,006		110,006
Total expenditures	<u>2,735,923</u>	<u>495,357</u>	<u>1,745,054</u>	<u>4,976,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,720,078</u>	<u>(207,743)</u>	<u>(1,446,404)</u>	<u>65,931</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	503,322	27,329	837,979	1,368,630
Operating transfers out	<u>(1,120,560)</u>	<u>(27,329)</u>	<u>(34,483)</u>	<u>(1,182,372)</u>
Total other financing sources (uses)	<u>(617,238)</u>		<u>803,496</u>	<u>186,258</u>
Net change in fund balances	1,102,840	(207,743)	(642,908)	252,189
Fund balances - beginning of year	7,453,936	857,297	1,067,792	9,379,025
Fund balances - end of year	<u>\$ 8,556,776</u>	<u>\$ 649,554</u>	<u>\$ 424,884</u>	<u>\$ 9,631,214</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.

City of Coeur d'Alene, Idaho

**Nonmajor Governmental Funds
Special Revenue Funds
(Continued)**

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, 2007

	Library	Cemetery	Annexation Fees	Impact Fees	Parks Capital Improvements	Insurance
ASSETS						
Cash and cash equivalents	\$ 48,938	\$ 4,128	\$ 310,827	\$ 3,093,455	\$ 515,804	\$ 2,043,715
Investments						
Receivables:						
Taxes delinquent	8,030					10,232
Accounts		3,552			11,066	
Due from other governments	30,133				92,550	3,318
Total assets	<u>\$ 87,101</u>	<u>\$ 7,680</u>	<u>\$ 310,827</u>	<u>\$ 3,093,455</u>	<u>\$ 619,420</u>	<u>\$ 2,057,265</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 26,289	\$ 6,481			\$ 62,863	\$ 11,354
Deferred revenues	8,030					10,232
Total liabilities	<u>34,319</u>	<u>6,481</u>			<u>62,863</u>	<u>21,586</u>
Fund balances:						
Reserved	52,782			\$ 3,093,455	556,557	2,035,679
Unreserved, undesignated		1,199	\$ 310,827			
Total fund balances	<u>52,782</u>	<u>1,199</u>	<u>310,827</u>	<u>3,093,455</u>	<u>556,557</u>	<u>2,035,679</u>
Total liabilities and fund balances	<u>\$ 87,101</u>	<u>\$ 7,680</u>	<u>\$ 310,827</u>	<u>\$ 3,093,455</u>	<u>\$ 619,420</u>	<u>\$ 2,057,265</u>

Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	Playground	KCATT	Public Art	KMPO	Total Nonmajor Special Revenue Funds
\$ 2,213 2,017,729	\$ 197,257	\$ 1,110	\$ 15,606	\$ 4,817	\$ 3,257	\$ 232,692	\$ 59,606	\$ 6,533,425 2,017,729
	4,000							18,262 14,618 130,001
<u>\$ 2,019,942</u>	<u>\$ 201,257</u>	<u>\$ 1,110</u>	<u>\$ 15,606</u>	<u>\$ 4,817</u>	<u>\$ 3,257</u>	<u>\$ 232,692</u>	<u>\$ 59,606</u>	<u>\$ 8,714,035</u>
\$ 2,213		\$ 16	\$ 513 900	\$ 168		\$ 15	\$ 28,185	\$ 138,097 19,162
<u>2,213</u>		<u>16</u>	<u>1,413</u>	<u>168</u>		<u>15</u>	<u>28,185</u>	<u>157,259</u>
2,017,729	\$ 201,257					232,677	31,421	8,221,557
		1,094	14,193	4,649	\$ 3,257			335,219
<u>2,017,729</u>	<u>201,257</u>	<u>1,094</u>	<u>14,193</u>	<u>4,649</u>	<u>3,257</u>	<u>232,677</u>	<u>31,421</u>	<u>8,556,776</u>
<u>\$ 2,019,942</u>	<u>\$ 201,257</u>	<u>\$ 1,110</u>	<u>\$ 15,606</u>	<u>\$ 4,817</u>	<u>\$ 3,257</u>	<u>\$ 232,692</u>	<u>\$ 59,606</u>	<u>\$ 8,714,035</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, 2007

	Library	Cemetery	Annexation Fees	Impact Fees	Parks Capital Improvements	Insurance
REVENUES						
Taxes	\$ 950,838					\$ 106,303
Intergovernmental	42,649				\$ 95,277	
Charges for services	960	\$ 112,027	\$ 346,750	\$ 1,405,707	390,424	
Fines and forfeits	9,177					
Investment income		2,314	9,202	122,674		
Unrealized gain on investments						
Interest	3,512				29,467	97,036
Miscellaneous	4,201	3,770				1,380
Total revenues	<u>1,011,337</u>	<u>118,111</u>	<u>355,952</u>	<u>1,528,381</u>	<u>515,168</u>	<u>204,719</u>
EXPENDITURES						
Current:						
General government		223,616				271,237
Culture and recreation	952,229				238,102	
Capital outlay	43,518	39,712			250,008	
Total expenditures	<u>995,747</u>	<u>263,328</u>			<u>488,110</u>	<u>271,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,590</u>	<u>(145,217)</u>	<u>355,952</u>	<u>1,528,381</u>	<u>27,058</u>	<u>(66,518)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in		169,482			85,430	111,243
Operating transfers out		(30,338)	(100,000)	(877,846)	(22,376)	
Total other financing sources (uses)		<u>139,144</u>	<u>(100,000)</u>	<u>(877,846)</u>	<u>63,054</u>	<u>111,243</u>
Net change in fund balances	15,590	(6,073)	255,952	650,535	90,112	44,725
Fund balances - beginning of year	37,192	7,272	54,875	2,442,920	466,445	1,990,954
Fund balances - end of year	<u>\$ 52,782</u>	<u>\$ 1,199</u>	<u>\$ 310,827</u>	<u>\$ 3,093,455</u>	<u>\$ 556,557</u>	<u>\$ 2,035,679</u>

Cemetery Perpetual Care	Reforestation	Art Commission	Jewett House	Playground	KCATT	Public Art	KMPO	Total Nonmajor Special Revenue Funds
	\$ 4,000	\$ 4,982					\$ 470,441	\$ 1,057,141
	9,053	25		\$ 301	\$ 152	\$ 10,845	3,011	612,367
\$ 19,567			\$ 935					2,260,850
91,843	37,087		6,634			63,457		9,177
<u>111,410</u>	<u>50,140</u>	<u>5,007</u>	<u>7,569</u>	<u>301</u>	<u>152</u>	<u>74,302</u>	<u>473,452</u>	<u>157,577</u>
								19,567
11,199	37,943	4,309	17,890	1,883		167,049	477,228	222,793
<u>11,199</u>	<u>37,943</u>	<u>4,309</u>	<u>17,890</u>	<u>1,883</u>		<u>167,049</u>	<u>477,228</u>	<u>116,529</u>
								4,456,001
100,211	12,197	698	(10,321)	(1,582)	152	(92,747)	(3,776)	1,212,354
								1,190,331
50,338			20,000			66,829		333,238
(90,000)								2,735,923
<u>(39,662)</u>			<u>20,000</u>			<u>66,829</u>		<u>1,720,078</u>
60,549	12,197	698	9,679	(1,582)	152	(25,918)	(3,776)	503,322
1,957,180	189,060	396	4,514	6,231	3,105	258,595	35,197	(1,120,560)
<u>\$2,017,729</u>	<u>\$ 201,257</u>	<u>\$ 1,094</u>	<u>\$ 14,193</u>	<u>\$ 4,649</u>	<u>\$ 3,257</u>	<u>\$ 232,677</u>	<u>\$ 31,421</u>	<u>(617,238)</u>
								1,102,840
								7,453,936
								\$ 8,556,776

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 #133/139/142: 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, and installing curbs and sidewalks on East Sherman and various gravel streets in the City. LID 142 was created for the purpose of financing wastewater capitalization fees for homeowners required to hook up to the sanitary sewer system.

LID #137/138/140: 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, and installing curbs and sidewalks on Government Way and Kathleen Avenue. LID 140 was created for the purpose of financing wastewater capitalization fees for homeowners required to hook up to the sanitary sewer system.

City of Coeur d'Alene, Idaho

Debt Service Funds (Continued)

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, 2007**

	<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>
ASSETS				
Cash and cash equivalents	\$ 68,491	\$ 64,728	\$ 233,842	\$ 162,348
Receivables:				
Taxes				
Delinquent	673		4	
Deferred	23,122	40,850	81,704	96,314
Total assets	<u>\$ 92,286</u>	<u>\$ 105,578</u>	<u>\$ 315,550</u>	<u>\$ 258,662</u>
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Deposits				
Due to other funds				
Deferred revenue	\$ 23,122	\$ 40,850	\$ 81,704	\$ 96,314
Total liabilities	<u>23,122</u>	<u>40,850</u>	<u>81,704</u>	<u>96,314</u>
 Fund balances:				
Reserved	69,164	64,728	233,846	162,348
Unreserved, undesignated				
Total fund balances	<u>69,164</u>	<u>64,728</u>	<u>233,846</u>	<u>162,348</u>
Total liabilities and fund balance	<u>\$ 92,286</u>	<u>\$ 105,578</u>	<u>\$ 315,550</u>	<u>\$ 258,662</u>

<u>LID #133/139 & 142</u>	<u>LID #137/138 & 140</u>	<u>LID #143/144</u>	<u>LID #145</u>	<u>LID #146</u>	<u>LID #148</u>	<u>LID Guarantee Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
\$ 20,071		\$ 15,541		\$ 184,992		\$ 205,462	\$ 955,475
			\$ 25	124	\$ 91,622	116	92,564
14,324		24,703	306,722	251,889			839,628
<u>\$ 34,395</u>	<u>\$ -</u>	<u>\$ 40,244</u>	<u>\$ 306,747</u>	<u>\$ 437,005</u>	<u>\$ 91,622</u>	<u>\$ 205,578</u>	<u>\$ 1,887,667</u>
			\$ 306,747				\$ 306,747
\$ 14,324		\$ 24,703	306,722	\$ 251,889	\$ 91,622	\$ 116	931,366
<u>14,324</u>	<u></u>	<u>24,703</u>	<u>613,469</u>	<u>251,889</u>	<u>91,622</u>	<u>116</u>	<u>1,238,113</u>
20,071		15,541	(306,722)	185,116		205,462	649,554
<u>20,071</u>	<u></u>	<u>15,541</u>	<u>(306,722)</u>	<u>185,116</u>	<u></u>	<u>205,462</u>	<u>649,554</u>
<u>\$ 34,395</u>	<u>\$ -</u>	<u>\$ 40,244</u>	<u>\$ 306,747</u>	<u>\$ 437,005</u>	<u>\$ 91,622</u>	<u>\$ 205,578</u>	<u>\$ 1,887,667</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, 2007**

	<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>
REVENUES				
Assessments collected	\$ 7,549	\$ 9,341	\$ 13,001	\$ 25,757
Penalty and interest	1,375	2,540	4,952	7,691
Total revenues	<u>8,924</u>	<u>11,881</u>	<u>17,953</u>	<u>33,448</u>
EXPENDITURES:				
Bond principal	39,261	39,393	31,697	75,000
Interest, fees and other	10,722	10,938	18,510	33,882
Total expenditures	<u>49,983</u>	<u>50,331</u>	<u>50,207</u>	<u>108,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,059)</u>	<u>(38,450)</u>	<u>(32,254)</u>	<u>(75,434)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses)				
Net change in fund balances	(41,059)	(38,450)	(32,254)	(75,434)
Fund balances - beginning of year	110,223	103,178	266,100	237,782
Fund balances - end of year	<u>\$ 69,164</u>	<u>\$ 64,728</u>	<u>\$ 233,846</u>	<u>\$ 162,348</u>

<u>LID</u> <u>#133/139/142</u>	<u>LID</u> <u>#137/138/140</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>
\$ 16,955	\$ 30,549	\$ 12,503	\$ 53,366	\$ 60,929	\$ 6,337	\$ 236,287
1,890	1,946	2,281	2,450	17,938	8,264	51,327
<u>18,845</u>	<u>32,495</u>	<u>14,784</u>	<u>55,816</u>	<u>78,867</u>	<u>14,601</u>	<u>287,614</u>
40,000	75,000	20,000		65,000		385,351
4,175	4,425	3,455		23,899		110,006
<u>44,175</u>	<u>79,425</u>	<u>23,455</u>		<u>88,899</u>		<u>495,357</u>
<u>(25,330)</u>	<u>(46,930)</u>	<u>(8,671)</u>	<u>55,816</u>	<u>(10,032)</u>	<u>14,601</u>	<u>(207,743)</u>
	(27,329)				27,329	27,329
	<u>(27,329)</u>				<u>27,329</u>	<u>(27,329)</u>
<u>(25,330)</u>	<u>(74,259)</u>	<u>(8,671)</u>	<u>55,816</u>	<u>(10,032)</u>	<u>41,930</u>	<u>(207,743)</u>
45,401	74,259	24,212	(362,538)	195,148	163,532	857,297
<u>\$ 20,071</u>	<u>\$ -</u>	<u>\$ 15,541</u>	<u>\$ (306,722)</u>	<u>\$ 185,116</u>	<u>\$ 205,462</u>	<u>\$ 649,554</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.

Seltice Way Fund: To administer expenditures for the purpose of reconstruction and widening from Northwest Boulevard to the railroad bridge.

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

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

4th Street Lunceford to Dalton: To account for funds received from rental property that will be demolished in the future to accommodate new street construction, connecting two east west arterials.

Pedestrian Ramps: To administer expenditures for the purpose of installing handicapped accessible pedestrian ramps at street intersections.

Ramsey Road: To administer expenditures for the purpose of reconstructing and widening Ramsey Road from Hanley North to Prairie Avenue.

Atlas Signals: To administer expenditures for the purpose of installing two traffic lights on Atlas Road.

15th Street Lunceford to Dalton Fund: To administer expenditures for the purpose of reconstruction and widening from Lunceford Lane to Dalton Avenue.

Ironwood Fund: To account for funds set aside for the purchase of right of way needed for future street construction.

City of Coeur d'Alene, Idaho

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
September 30, 2007**

	<u>Seltice Way</u>	<u>4th Street</u>	<u>Govt Way Phase II</u>	<u>4th St. Lunceford To Dalton</u>
ASSETS				
Cash and cash equivalents	\$ 90,402	\$ 1,428	\$ 13,192	\$ 24,079
Total assets	<u>\$ 90,402</u>	<u>\$ 1,428</u>	<u>\$ 13,192</u>	<u>\$ 24,079</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Total liabilities	_____	_____	_____	_____
 Fund balances:				
Reserved				
Unreserved, undesignated	\$ 90,402	\$ 1,428	\$ 13,192	\$ 24,079
Total fund balances	<u>90,402</u>	<u>1,428</u>	<u>13,192</u>	<u>24,079</u>
Total liabilities and fund balances	<u>\$ 90,402</u>	<u>\$ 1,428</u>	<u>\$ 13,192</u>	<u>\$ 24,079</u>

<u>Pedestrian Ramps</u>	<u>Ramsey Road</u>	<u>Atlas Signals</u>	<u>15th St. Lunceford To Dalton</u>	<u>Ironwood</u>	<u>Nonmajor Capital Project Funds</u>
		\$ 519	\$ 215,264	\$ 80,000	\$ 424,884
		\$ 519	\$ 215,264	\$ 80,000	\$ 424,884
		\$ 519	\$ 215,264	\$ 80,000	\$ 424,884
		519	215,264	80,000	424,884
		\$ 519	\$ 215,264	\$ 80,000	\$ 424,884

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, 2007**

	<u>Seltice Way</u>	<u>4th Street</u>	<u>Govt Way Phase II</u>	<u>4th St. Lunceford To Dalton</u>
REVENUES				
Contributions	\$ 8,244			\$ 4,855
Intergovernmental				
Investment Income				917
Total revenues	<u>8,244</u>			<u>5,772</u>
EXPENDITURES				
Administrative expense			\$ 6,925	982
Capital outlay				
Total expenditures			<u>6,925</u>	<u>982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,244</u>		<u>(6,925)</u>	<u>4,790</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
Operating transfers in				
Operating transfers out	(2,575)		(5,132)	
Total other financing sources (uses)	<u>(2,575)</u>		<u>(5,132)</u>	
Net change in fund balances	5,669		(12,057)	4,790
Fund balance - beginning of year	84,733	\$ 1,428	25,249	19,289
Fund balance - end of year	<u>\$ 90,402</u>	<u>\$ 1,428</u>	<u>\$ 13,192</u>	<u>\$ 24,079</u>

<u>Pedestrian Ramps</u>	<u>Ramsey Road</u>	<u>Atlas Road</u>	<u>Atlas Signals</u>	<u>15th St Lunceford to Dalton</u>	<u>Ironwood</u>	<u>Nonmajor Capital Projects Funds</u>
				\$ 31,187		\$ 44,286
	\$ 208,853					208,853
\$ 3,455	41,139					45,511
<u>3,455</u>	<u>249,992</u>			<u>31,187</u>		<u>298,650</u>
		\$ 757		18,914		27,578
	1,102,746	329,374	\$ 250,481	34,875		1,717,476
	<u>1,102,746</u>	<u>330,131</u>	<u>250,481</u>	<u>53,789</u>		<u>1,745,054</u>
3,455	(852,754)	(330,131)	(250,481)	(22,602)		(1,446,404)
	191,751	334,528	311,700			837,979
	(22,379)	(4,397)				(34,483)
	<u>169,372</u>	<u>330,131</u>	<u>311,700</u>			<u>803,496</u>
3,455	(683,382)		61,219	(22,602)		(642,908)
(3,455)	683,382		(60,700)	237,866	\$ 80,000	1,067,792
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 519</u>	<u>\$ 215,264</u>	<u>\$ 80,000</u>	<u>\$ 424,884</u>

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, 2007

	Business-type Activities - Nonmajor Enterprise Funds				Total
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 60,668	\$ 11,628	\$ 566,334	\$ 255,137	\$ 893,767
Receivables:					
Accounts, net of allowance for uncollectible accounts		45,326	63,186	130,729	239,241
Total current assets	60,668	56,954	629,520	385,866	1,133,008
Non-current assets:					
Capital assets:					
Land			122,264		122,264
Other capital assets, net of accumulated depreciation		388,895	271,210	3,696,218	4,356,323
Total capital assets (net of accumulated depreciation)		388,895	393,474	3,696,218	4,478,587
Total non-current assets		388,895	393,474	3,696,218	4,478,587
Total assets	60,668	445,849	1,022,994	4,082,084	5,611,595
LIABILITIES					
Current liabilities:					
Accounts payable		34,083	113	4,891	39,087
Due to other funds				115,000	115,000
Total current liabilities		34,083	113	119,891	154,087
Non-current liabilities:					
Compensated absences				48,741	48,741
Total non-current liabilities				48,741	48,741
Total liabilities		34,083	113	168,632	202,828
NET ASSETS					
Invested in fixed assets, net of related debt		388,895	393,474		782,369
Unreserved	60,668	22,871	629,407	3,913,452	4,626,398
Total net assets	\$ 60,668	\$ 411,766	\$ 1,022,881	\$ 3,913,452	\$ 5,408,767

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, 2007**

	Business-type Activities - Nonmajor Enterprise Funds				Total Nonmajor Enterprise Funds
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	
OPERATING REVENUES					
Services		\$ 453,158	\$ 203,186	\$ 1,262,168	\$ 1,918,512
OPERATING EXPENSES					
Administration				362,837	362,837
Maintenance		21,600	25,717	115,675	162,992
Supplies				42,499	42,499
Contracted services		408,361	55,388	3,808	467,557
Depreciation		26,597	33,679	143,637	203,913
Bad debt expense		455		1,393	1,848
Total operating expenses		457,013	114,784	669,849	1,241,646
Operating income (loss)		(3,855)	88,402	592,319	676,866
NONOPERATING REVENUES AND (EXPENSE)					
Investment income		122	25,872	18,945	44,939
Total nonoperating revenues (expense)		122	25,872	18,945	44,939
Income before contributions and transfers		(3,733)	114,274	611,264	721,805
Operating transfers in		57,000			57,000
Operating transfers out		(78,903)	(74,062)	(180,003)	(332,968)
Change in net assets		(25,636)	40,212	431,261	445,837
Total net assets - beginning	\$ 60,668	379,561	982,669	735,351	2,158,249
Prior period adjustment		57,841		2,746,840	2,804,681
Total net assets - ending	\$ 60,668	\$ 411,766	\$ 1,022,881	\$ 3,913,452	\$ 5,408,767

City of Coeur d'Alene, Idaho

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUND TYPES
For the Year Ended September 30, 2007

	Business-type Activities - Enterprise Funds				Total Nonmajor Enterprise Funds
	Wastewater Property Management	Street Lighting	Public Parking Lot	Stormwater Management	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		\$ 451,478	\$ 190,271	\$ 1,254,178	\$ 1,895,927
Payments to suppliers		(421,272)	(83,343)	(298,678)	(803,293)
Payments to employees				(325,036)	(325,036)
Net cash provided by operating activities		30,206	106,928	630,464	767,598
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in		57,000			57,000
Operating transfers out		(78,903)	(74,062)	(180,003)	(332,968)
Net cash (used) by noncapital financing activities		(21,903)	(74,062)	(180,003)	(275,968)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset purchases				(449,204)	(449,204)
Net cash used by financing activities				(449,204)	(449,204)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income		122	25,872	18,945	44,939
Net cash provided by investing activities		122	25,872	18,945	44,939
Net increase in cash and cash equivalents		8,425	58,738	20,202	87,365
Cash and cash equivalents, beginning of year	\$ 60,668	3,203	507,596	234,935	806,402
Cash and cash equivalents, end of year	\$ 60,668	\$ 11,628	\$ 566,334	\$ 255,137	\$ 893,767
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)		\$ (3,855)	\$ 88,402	\$ 592,319	\$ 676,866
Adjustments to reconcile operating income to net cash (used) provided by operating activities:					
Depreciation		26,597	33,680	143,637	203,914
(Increase) in accounts receivable		(1,680)	(12,915)	(7,990)	(22,585)
Increase (decrease) in accounts payable		9,144	(2,239)	(3,679)	3,226
(Decrease) in due to other funds				(100,000)	(100,000)
Increase in compensated absences				6,177	6,177
Net cash provided by operating activities		\$ 30,206	\$ 106,928	\$ 630,464	\$ 767,598

REPORT REQUIRED BY THE GAO



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, 2007, which collectively comprise the City of Coeur d'Alene, Idaho's basic financial statements and have issued our report thereon dated October 3, 2008. 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, Idaho's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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
October 3, 2008

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