FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

ignite cda
September 30, 2015

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
ignite cda
Coeur d'Alene, ID 83814

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of ignite cda, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise ignite cda's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of ignite cda, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITORS' REPORT (CONCLUDED)

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, on our consideration of ignite cda's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ignite cda's internal control over financial reporting and compliance.

Magnuson, McHugh & Company, P.A.

Magnuson, McHugh & Company, P.A.

January 8, 2016

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

ignite cda

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2015

In fiscal year 2015, the Coeur d'Alene Urban Renewal Agency changed its doing business as (dba) name from Lake City Development Corporation to ignite cda (the "Agency"). This section of the Agency's fiscal year 2015 financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year that ended on September 30, 2015. Please read it in conjunction with the Agency's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The Agency administers two redevelopment districts within the city of Coeur d'Alene's area of impact:
  - Lake District, formed in 1997, encompasses sections of downtown, midtown and Northwest Boulevard.
  - River District, formed in 2003, encompasses the geographic area between Interstate 90 and the Spokane River, east of Huetter Avenue and west of Northwest Boulevard.

- The Agency's total (Lake and River Districts) net position as of September 30, 2015 were $4,161,410.

- During fiscal year 2015, the Agency realized total general revenues, which is the total of program and general revenues, of $6,637,032 and total net expenses of $(2,328,583) resulting in a change in net position of $4,308,449.

- Lake District: in fiscal year 2015, the Agency amended the Washington Trust Bank Lake District Bond, reducing the established bond reserve account amount from $1,670,000 to $1,300,000.

- Lake District: in fiscal year 2015, the Agency acquired a section of Burlington Northern Santa Fe (BNSF) railroad right of way located within the Lake District for $728,193.

- Lake District: in fiscal year 2014, the Agency authorized the divestiture of Agency owned property located at 728 Sherman Avenue via a public sealed bid auction. The minimum bid price for the property of $150,000 was set based on the appraised value of the property. The auction occurred in fiscal year 2015, with the property selling for $161,600.

- River District: in fiscal year 2015, the Agency acquired a section of Burlington Northern Santa Fe (BNSF) railroad right of way located within the River District for $755,534.

- River District: in fiscal year 2015, the Agency gifted its Burlington Northern Santa Fe (BNSF) railroad right of way property asset located within the River District to the City of Coeur d'Alene.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include three kinds of statements that present different views of the Agency:

1. Government-wide financial statements provide information about the Agency's overall financial status.

2. Fund financial statements focus on individual parts of the Agency activities, reporting the Agency's operations in more detail than the government-wide statements.

3. Notes to financial statements provide detailed background information to the relevant financials.

OVERVIEW OF THE FINANCIAL STATEMENTS (Concluded)

The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

Government-Wide Statements

The government-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Agency's net assets and how they have changed. Net assets, i.e. the difference between the Agency's assets and liabilities, is one way to measure the Agency's financial health, or position.

- Over time, increases or decreases in the Agency's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the Agency, consideration of additional non-financial factors such as changes in the property tax base and potential new developments should be considered.

- Governmental activities: Most of the Agency's urban redevelopment activities are included herein. In addition, the administration function of the Agency is reported here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Agency's governmental funds - not the Agency as a whole. This accounting device is used by the Agency to keep track of specific sources of funding and spending for particular purposes.

Governmental funds focus on (1) how much cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or in the subsequent pages, that explains the relationship (or differences) between them.

SIGNIFICANT ISSUES

- The Agency realized assessed valuation increases in both the Lake District (4% increase) and the River District (10% increase) in fiscal year 2014. The increased district valuations may, or may not, result in more tax increment revenues generated in fiscal year 2016 depending upon levy rates set by local taxing entities (note: the Agency is not a taxing entity and thus does not set levy rates).

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Net Position

The Agency's September 30, 2015 net position value was $4,161,410. Table 1 presents a summary of the Agency's net assets.

Table 1

ignite cda's NET POSTION

	2015	2014
Current and other assets	$ 10,792,439	$ 8,312,198
Capital assets, net of accumulated depreciation	5,119,640	4,575,820
Total assets	$ 15,912,079	$ 12,888,018
Long-term liabilities outstanding	$ 11,734,827	$ 12,971,836
Other liabilities	15,842	63,221
Total liabilities	11,750,669	13,035,057
Invested in capital assets, net of related debt	3,766,548	2,845,278
Restricted	394,862	(2,992,317)
Total net position	$ 4,161,410	$ (147,039)

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE (Concluded)

Changes in Net Position

Table 2 shows the changes in net assets for fiscal years 2015 and 2014.

Table 2

CHANGES IN NET ASSETS

	2015	2014
Program Revenues:		
Charges for services (rental income)	$ 145,064	$ 155,124
General Revenues:		
Tax increment revenue	6,397,526	5,844,849
Penalties and interest	55,602	43,446
Interest and investment earnings	8,174	6,299
Gain on sale of capital assets	30,666	-
Total general revenues	6,491,968	5,894,594
Expenses:		
General government	1,855,568	6,311,444
Property rentals	133,020	187,679
Interest on long-term debt - general	339,995	394,290
Total expenses	2,328,583	6,893,413
Change in net position	$ 4,308,449	$ (843,695)

Changes in Net Position

The Agency's total revenue, which is the total of program and general revenues, of $6,637,032 for the fiscal year 2015 represents a slight increase over fiscal year 2014 revenues. Agency fiscal year 2015 general revenue is categorized into various revenue sources, with property taxes (i.e. tax increment revenue) representing the largest share of total revenue.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

Governmental Funds

The Agency completed fiscal year 2015 with a total governmental fund balance of $ 10,383,517 which represents an increase from the ending governmental fund balance for fiscal year 2014 primarily due to less capital project expenditures in the Lake District.

Budgetary Highlights – Lake District

There are no significant reporting issues regarding actual revenues and expenses relative to budget projections. Total revenues realized were slightly above budget projections due primarily to (1) the realization of past due property taxes, and (2) final determination of taxing entity levy rates. Actual operation expenses were below budget due primarily to lower actual spending associated with planned project expenditures.

Budgetary Highlights – River District

There are no significant reporting issues regarding actual revenues and expenses relative to budget projections. Total revenues realized were slightly above budget projections due primarily to final determination of taxing entity levy rates. Actual expenses were below budget due primarily to lower actual spending associated with planned expenditures.

Budgetary Highlights – Public Art

As part of its commitment to public art in Coeur d'Alene, the Agency has historically transferred a percentage of its District tax increment revenues to the Coeur d'Alene Public Arts Commission (the Commission). The Commission is the entity empowered by the Mayor/Council to invest public dollars in value adding public art projects for the City. Any Agency District funds transferred to the Commission must be used for public art projects within the District where the funds originate. For fiscal year 2015, the Agency transferred $88,474 of Lake District funds to the Commission; and transferred $40,288 of River District funds to the Commission.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

In fiscal year 2015, the Agency along with the City acquired land from the BNSF railroad and divested of one real property asset located at the street address of 728 Sherman Avenue. The Agency's Lake District strategic property portfolio currently consists of twenty three properties. The Agency does not own any strategic properties in the River District.

Long-term Debt: Lake District

- Strategic Property Portfolio: Real property assets in the Lake District strategic property portfolio are financed conventionally through local lending institutions. At the end of fiscal year 2015, four of the Agency's twenty three Lake District strategic property debt obligations have yet to be retired.

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

- Improvement Reimbursement Agreements (IRAs): The Agency has entered into IRAs with the principals of the Ice Plant and 609 Sherman Avenue Lofts developments. Each IRA is financed through site-specific, tax increment fund revenues that will be generated by each respective project. The Ice Plant IRA (initiated December of 2008) principal reimbursement total is $329,150. The 609 Sherman Avenue Lofts IRA (initiated July of 2011) principal reimbursement total is $404,993. The IRA debt obligation amounts are not included in the long-term debt values found within this audit report because the outstanding debt amounts are offset by corresponding receivable amounts. In other words, the receivable and debt amounts cancel each other out for reporting purposes. Please refer to Note 6 for more discussion.

- Disposition & Development Agreement (DDA): In December, 2005, the Agency entered into a DDA with the Coeur d'Alene Chamber of Commerce (i.e. Developer) re. the construction of the new downtown Chamber of Commerce building. A portion of the DDA includes Agency reimbursement to the Developer for Agency approved project-related public improvements. Reimbursements to the Developer per the DDA are generated through site-specific, tax increment fund revenues that will be generated by the project. The Coeur d'Alene Chamber of Commerce DDA principal reimbursement total is $300,000. The DDA debt obligation amounts are not included in the long-term debt values found within this audit report because the outstanding debt amounts are offset by corresponding receivable amounts. In other words, the receivable and debt amounts cancel each other out for reporting purposes. Please refer to Note 6 for more discussion.

- Midtown "Placemaking" Project: On July 28, 2009, the Agency entered into a $712,435 debt obligation with Mountain West Bank to assist in financing the $1,654,000 of Agency approved public improvements related to the Midtown Placemaking project. The $712,435 Mountain West Bank Midtown debt obligation is amortized over 10 years with a 4.8% interest rate. Tax increment proceeds generated from the Lake District were used to retire this debt obligation in fiscal year 2015.

Long-term Debt: River District

- Owner Participation Agreements (OPAs): The Agency has entered into an OPA with the principals of the Riverstone West Phase 1 mixed use development. The OPA is financed through site-specific, tax increment fund revenues that will be generated by the project. The Riverstone West Phase 1 OPA (established in 2007) principal reimbursement total is $6,682,237. The OPA debt obligation amount is not included in the long-term debt values found within this audit report because the outstanding debt amount is offset by a corresponding receivable amount. In other words, the receivable and debt amounts cancel each other out for reporting purposes. Please refer to Note 6 for more discussion.

CAPITAL ASSET AND DEBT ADMINISTRATION (Concluded)

- Improvement Reimbursement Agreements (IRAs): The Agency has approved the following IRAs:
  - Mill River Seniors affordable housing initiative
  - Riverstone West Family Apartments affordable housing initiative
  - Riverstone West Apartments III affordable housing initiative
  - Riverstone West Phase 2 roadway initiative
  - Circuit at Seltice detached housing initiative

  The IRAs are financed through site-specific, tax increment fund revenues that will be generated by the specific projects. The Mill River Seniors IRA principal reimbursement total is $326,000. The Riverstone West Family Apartments IRA principal reimbursement total is $395,000. The Riverstone West Family Apartments III IRA principal reimbursement total is $280,000. The Riverstone West Phase 2 IRA principal reimbursement total is $823,058. The Circuit at Seltice IRA principal reimbursement total is $344,610. The IRA debt obligation amounts are not included in the long-term debt values found within the audit report because the outstanding debt amounts will be offset by corresponding receivable amounts. In other words, the receivable and debt amounts will cancel each other out for reporting purposes.

ECONOMIC OUTLOOK AND FISCAL YEAR 2016 IMPACT

The Coeur d'Alene area, as in past years, continues to be the recipient of a redeployment of capital from other parts of the country. Home owners, investors and developers recognize the value of migrating their wealth to Coeur d'Alene. The area's competitive land prices and quality of life and place attributes are key contributors to this trend.

In fiscal 2015, property values within the Agency's Districts increased reflecting a national trend. Private capital investment within the Districts continues to occur. During fiscal 2015, several projects were initiated within the Agency's Districts signaling increased economic activity. Fiscal year 2016 will see additional construction projects initiated attesting to a recovering regional real estate market.

Development for 2016 will occur in both the Lake and River Districts. Development in the River District will be driven by the continued build out of the Mill River mixed use development along the Spokane River, and by the phased completion of the Riverstone West project, a continuation of the original Riverstone mix-use development also along the Spokane River. Development in the Lake District will involve new downtown commercial space, as well as new residential units.

Property tax receipts in fiscal 2015 for both Districts were consistent with projections. Projected fiscal 2016 property tax receipts for both the Lake & River Districts are on par with receipts from fiscal 2015. The Agency expects the property tax source of revenue for both Districts to continue to increase over the long-term, primarily driven by the build out of the waterfront developments along the Spokane River.

Both national and state of Idaho economic trends through fiscal 2015 appear promising. Kootenai County economic trends continue to lag national trends somewhat, with both residential and commercial development showing increased activity. The region continues to benefit economically from the arrival of the affluent urban dweller demographic that has spurred development of residential product, both within the downtown urban area and along the waterfront. The region is also following a national trend of increased rental apartment unit development. The 2016 economic forecast for the northern Idaho region is optimistic. Private equity continues to move off of the sidelines. Relocations (people, businesses) and property investment into the area will stimulate the local economy.

ECONOMIC OUTLOOK AND FISCAL YEAR 2016 IMPACT (continued)

In summary, given the subsidence of past market volatility, the Agency is very optimistic about the future growth and redevelopment opportunities within the Agency's Lake and River Districts. Wise planning and sound debt management, combined with effective public/private partnerships, will help to pave the way for continued value-adding growth within the area.

CONTACTING THE AGENCY'S MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for monies received. If you have any questions about this report, please contact:

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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION
September 30, 2015

ASSETS	
Cash and cash equivalents	$ 9,085,704
Property taxes receivable	393,138
Tenant deposits receivable	8,260
Restricted cash - bond reserve	1,305,337
Land	3,599,863
Capital assets, net	1,519,777
Total assets	15,912,079
LIABILITIES	
Accrued payroll and taxes	3,854
Due to other governments	553
Tenant deposits	11,435
Long-term liabilities:	
Due within one year	2,470,388
Due in more than one year	9,264,439
Total liabilities	11,750,669
NET POSITION	
Net investment in capital assets	3,766,548
Restricted to Lake District	(4,545,406)
Restricted to River District	4,940,268
Total net position	$ 4,161,410

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

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STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

FUNCTIONS / PROGRAMS	Expenses	Charges for Services	Net Governmental Activities
PRIMARY GOVERNMENT:			
General government activities:			
Arts	$ 128,762	$ -	$ (128,762)
Communications	84,058	-	(84,058)
Dues and subscriptions	6,718	-	(6,718)
Insurance	5,370	-	(5,370)
Miscellaneous	433	-	(433)
Office overhead	8,705	-	(8,705)
Partnership grants	89,184	-	(89,184)
Professional services	204,598	-	(204,598)
Project reimbursements	387,985	-	(387,985)
Public improvements	758,053	-	(758,053)
Travel and meetings	8,458	-	(8,458)
Utilities and telephone	-	-	-
Wages, benefits and payroll taxes	173,244	-	(173,244)
Total general government activities	1,855,568	-	(1,855,568)
Property rental activities:			
Rental income	-	145,064	145,064
Property management	55,892	-	(55,892)
Depreciation	53,439	-	(53,439)
Interest on long term debt	23,689	-	(23,689)
Total property rental activities	133,020	145,064	12,044
Interest on long term debt - general	339,995	-	(339,995)
TOTAL PRIMARY GOVERNMENT	$ 2,328,583	$ 145,064	$ (2,183,519)
GENERAL REVENUES:			
Tax increment revenue			6,397,526
Penalties and interest			55,602
Interest earnings			8,174
Gain on sale of capital assets			30,666
Total general revenues			6,491,968
CHANGE IN NET POSITION			4,308,449
NET POSITION, beginning of year			(147,039)
NET POSITION, end of year			$ 4,161,410

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

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GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2015

	Lake District	River District	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 4,240,545	$ 4,845,159	$ 9,085,704
Property taxes receivable	297,931	95,207	393,138
Tenant deposits receivable	8,260	-	8,260
Restricted cash - bond reserve	1,305,337	-	1,305,337
Total assets	$ 5,852,073	$ 4,940,366	$ 10,792,439
LIABILITIES			
Accrued payroll and taxes	$ 3,854	$ -	$ 3,854
Due to other governments	455	98	553
Tenant deposits	11,435	-	11,435
Total liabilities	15,744	98	15,842
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	297,931	95,149	393,080
Total deferred inflows of resources	297,931	95,149	393,080
FUND BALANCE			
Restricted	5,538,398	4,845,119	10,383,517
Total fund balance	5,538,398	4,845,119	10,383,517
Total liabilities, deferred inflows of resources, and fund balance	$ 5,852,073	$ 4,940,366	$ 10,792,439

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

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RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2015

Total fund balance at September 30, 2015 - Governmental Funds		$ 10,383,517
Cost of capital assets at September 30, 2015	$ 5,699,728	
Less: Accumulated depreciation as of September 30, 2015:		
Buildings and sites	(580,088)	5,119,640
Elimination of deferred revenue		393,080
Long-term liabilities at September 30, 2015:		
Long-term debt		(11,734,827)
Net position at September 30, 2015		$ 4,161,410

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

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GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2015

	Lake District	River District	Total Governmental Funds
REVENUES			
Tax increment revenue	$ 4,357,436	$ 1,983,900	$ 6,341,336
Rental income	145,064	-	145,064
Penalties and interest	37,538	18,064	55,602
Interest earnings	3,792	4,382	8,174
Total revenues	4,543,830	2,006,346	6,550,176
EXPENDITURES			
Current:			
Arts	88,474	40,288	128,762
Communications	42,029	42,029	84,058
Dues and subscriptions	3,359	3,359	6,718
Insurance	2,685	2,685	5,370
Miscellaneous	-	433	433
Office overhead	4,231	4,474	8,705
Partnership grants	85,434	3,750	89,184
Professional services	156,786	47,812	204,598
Project reimbursements	96,535	291,450	387,985
Property management	55,892	-	55,892
Public improvements	2,519	755,534	758,053
Travel and meetings	4,288	4,170	8,458
Wages, benefits and payroll taxes	86,622	86,622	173,244
Debt service:			
Interest	407,822	-	407,822
Principal payments	2,487,009	-	2,487,009
Capital outlay:			
General government	728,193	-	728,193
Total expenditures	4,251,878	1,282,606	5,534,484
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	291,952	723,740	1,015,692
OTHER FINANCING SOURCES			
Sale of general capital assets	161,600	-	161,600
Proceeds from financing	1,250,000	-	1,250,000
Total other financing sources	1,411,600	-	1,411,600
NET CHANGE IN FUND BALANCES	1,703,552	723,740	2,427,292
FUND BALANCES, beginning of year	3,834,846	4,121,379	7,956,225
FUND BALANCES, end of year	$ 5,538,398	$ 4,845,119	$ 10,383,517

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

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RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Total net changes in fund balances for year ended September 30, 2015		$ 2,427,292
Less:	Depreciation expense for the year ended September 30, 2015	(53,439)
Add:	Debt principal retirement considered as an expenditure	2,487,009
Less:	Proceeds from financing	(1,250,000)
Less:	Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	56,190
Less:	Difference between proceeds and book gain/loss on sale of assets	(130,934)
Add:	Capital expenditures	728,193
Change in net position for year ended September 30, 2015		$ 4,308,449

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

ignite cda (the "Agency") is an urban renewal agency created by and existing under the Idaho Urban Renewal Law of 1965, as amended, and is an independent public body.

The accompanying financial statements include all aspects controlled by the Board of Commissioners of the Agency. The Agency is included in the City of Coeur d'Alene, Idaho's, financial reporting based on certain criteria in GASB Statement No. 14. These statements present only the governmental activities of the Agency and are not intended to present the financial position and results of operations of the City of Coeur d'Alene, Idaho, (the "City") in conformity with generally accepted accounting principles (GAAP).

Under the Idaho Code, in December 1997, the Coeur d'Alene City Council passed an ordinance that 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 deteriorated areas within the Agency's boundaries. The Agency adopted the doing business as (dba) name Lake City Development Corporation in fiscal year 2001; the Agency adopted a new dba name ignite cda in fiscal year 2015. The Agency is governed by a maximum board of nine Commissioners, appointed by the City Council. The City Council has the ability to appoint and dismiss the board members 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 is discretely presented in the City of Coeur d'Alene's financial statements as a component unit.

Under the 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 of Coeur d'Alene. The City Council is not responsible for approving the Agency's budget or funding any annual deficits. The Agency controls its disbursements independent of the City Council.

The accounting methods and procedures adopted by the Agency conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Agency's basic financial statements.

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

B. Fund Accounting

The Agency uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Agency functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Concluded)

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The Agency has two governmental funds, both of which are special revenue funds.

- *Lake District* – This fund is used to account for all financial resources of the Lake District. The Lake District is a separate and legally distinct district under the umbrella of the Agency. This district will expire on December 31, 2021, and the net assets will be distributed according to current Idaho Statute.
- *River District* – This fund is used to account for all financial resources of the River District. The River District is a separate and legally distinct district under the umbrella of the Agency. This district will expire on December 31, 2027, and the net assets will be distributed according to current Idaho Statute.

C. Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the Agency as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The Agency has activities that are considered to be governmental as opposed to business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Agency's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Agency, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Agency.

Fund Financial Statements – Fund financial statements report detailed information about the Agency. The focus of governmental fund statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Concluded)

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Agency, available means expected to be received within 60 days of the fiscal year end.

Non-exchange transactions, in which the Agency receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Agency must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Agency on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available in advance, interest, grants, and rentals.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Concluded)

Governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenses, and other long-term obligations, which are recognized when paid.

E. Cash and Cash Equivalents

In the general fund, cash received by the Agency is pooled for investment purposes and is presented as "Cash and cash equivalents" on the financial statements. For presentation in the financial statements, cash and cash equivalents include cash on hand, amounts due from banks, and investments with an original maturity of three months or less at the time they are purchased by the Agency. Investments with an initial maturity of more than three months are reported as cash equivalents. Investments in U.S. Obligations are for the funding of capital projects and are readily convertible to cash.

F. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Agency maintains a capitalization threshold of $5,000. The Agency does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and sites	40 years

G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases, to be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Balance

The Agency has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Agency to classify and report amounts in the appropriate fund balance classifications. The Agency's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of non-spendable, restricted, committed, assigned, or unassigned.

The Agency reports the following classifications:

Non-spendable Fund Balance — Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form—such as inventory or prepaid insurance; or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.

Restricted Fund Balance — Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the Agency can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance — Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Commissioners. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board of Commissioners. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance — Assigned fund balances are amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the Director of Finance; or (b) an appointed body (e.g., a budget or finance committee) or official to which the Commissioners have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed; and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Agency itself.

Unassigned Fund Balance — Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Net Position

Net position represents the difference between assets / deferred outflows of resources, and liabilities / deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

J. Fund Balance Flow Assumptions

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

K. Net Position Flow Assumptions

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted – net position is applied.

L. Estimates

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

M. Property Taxes and Deferred Tax Revenues

Since the Agency is not a taxing entity, property taxes collected on the Agency's behalf by Kootenai County for 2014 are recorded as receivables. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year end, in accordance with the modified accrual basis of accounting. Receivables collectible after the 60 day date are reflected in the fund financial statements as deferred revenues. In the government-wide financial statements property taxes are recorded as revenue in the period levied, in accordance with the accrual basis of accounting.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

M. Property Taxes and Deferred Tax Revenues (Concluded)

The Agency receives a portion of the property taxes generated by the taxing entities within Kootenai County. These property taxes are collected on behalf of the Agency by Kootenai County each December on the assessed value within the Agency's districts listed as of the previous December tax rolls. Assessed values are an approximation of market value. Assessed values are established by the County Assessor. 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.

N. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position / balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element - *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position / balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element - *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has only one item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category - *unavailable revenue.* This item is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

Reported budgeted amounts are as originally adopted or as amended by the Board. Professional management cannot legally amend appropriations within the budget without first seeking Board approval once the budget has been approved. The Board properly approved the original budget, and there was no amendment to the budget for the fiscal year ending September 30, 2015.

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

(Continued)

NOTE 3: CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a written policy for custodial credit risk, but has charged management with ensuring the Agency's exposure to custodial credit risk is minimal. The carrying amount of the Agency's deposits is $10,391,041 and the bank balance is $10,394,620. As of September 30, 2015, the Agency's bank balance was not exposed to custodial credit risk. Details are as follows:

Amount insured by FDIC and or collateralized with securities.	$10,394,620

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

State statutes authorize the Agency's investments. The Agency is authorized to invest in U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, and government pool and money market funds consisting of any of these securities

NOTE 4: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended September 30, 2015:

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

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

(Continued)

NOTE 5: LONG-TERM DEBT

Library Site:

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

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

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

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

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

(Continued)

NOTE 5: LONG-TERM DEBT (CONTINUED)

516 N. Park Drive:

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

211 N. 4th Street:

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

301 E. Lakeside Avenue:

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

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

712 E. Young Avenue:

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

Fiscal year ending September 30,	Rate	Principal	Interest	Total
2016	1.64%	$ 219,056	$ 300	$ 219,356
		$ 219,056	$ 300	$ 219,356

(Continued)

NOTE 5: LONG-TERM DEBT (CONTINUED)

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

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

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

Midtown:

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

(Continued)

NOTE 5: LONG-TERM DEBT (CONCLUDED)

Bond Payable – Washington Trust:

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

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

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

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

NOTE 6: COMMITMENTS AND CONTINGENCIES

On June 21, 2007, a certificate of completion was issued concerning the improvements made to the development known as Riverstone West Phase I. At that time, a limited Recourse Promissory Note was entered into with the Agency and Riverstone West, LLC in the amount of $6,682,237 at 5.00% simple interest per annum. The note is scheduled to be paid in semi-annual payments of 75% of the tax revenue allocation proceeds from the private development known as Riverstone West Phase I. Payments will continue until paid in full or by December 31, 2027. The total interest on the note cannot exceed $2,000,000. The current outstanding balance is $6,682,237.

(Continued)

NOTE 6: COMMITMENTS AND CONTINGENCIES (CONCLUDED)

On February 20, 2008, a limited Recourse Promissory Note was entered into with the Agency and Coeur d'Alene Area Chamber of Commerce in the amount of $300,000 at 0.00% simple interest per annum. The note is scheduled to be paid in semiannual payments of 100% of the tax revenue allocation proceeds from the private development known as the Coeur d'Alene Chamber Building. Payments will continue until paid in full or by December 31, 2021. The current outstanding balance is $279,791.

In December 2008, a limited Recourse Promissory Note was entered into with the Agency and Ice Plant Development, Inc. in the amount of $329,150 at 5.00% simple interest per annum. The note is scheduled to be paid in semiannual payments of 75% of the tax revenue allocation proceeds from the private development known as the Ice Plant Town Home Project. Payments will continue until paid in full or by December 31, 2021. The current outstanding balance is $252,169.

In July 2011, a limited Recourse Promissory Note was entered into with the Agency and Ledger and Patano, LLC in the amount of $404,993 at 5.00% simple interest per annum. During the year assignment of payments rights was made from Patano LLC to Gringo Properties, LLC. The note is scheduled to be paid in semiannual payments of 75% of the tax revenue allocation proceeds from the private development known as the 609 Sherman Avenue Lofts Project. Payments will continue until paid in full or by December 31, 2021. The total interest on the note cannot exceed $121,498. The current outstanding balance is $385,498.

In May of 2013, a limited Recourse Promissory Note was entered into between the Agency and Mill River Seniors in the amount of $326,000 at 3.75% simple interest per annum. The note is scheduled to be paid in semiannual payments of 75% of the tax revenue allocation proceeds from the private development known as Mill River Seniors affordable housing. Payments will continue until paid in full or by February 2024. The total interest on the note cannot exceed $97,800. The current outstanding balance is $326,000.

In May of 2013, a limited Recourse Promissory Note was entered into between the Agency and the principals of Riverstone West Apartments in the amount of $395,000 at 3.75% simple interest per annum. The note is scheduled to be paid in semiannual payments of 75% of the tax revenue allocation proceeds from the private development known as Riverstone West Family Apartments. Payments will continue until paid in full or by February 2024. The total interest on the note cannot exceed $118,500. The current outstanding balance is $395,000.

In October of 2012, a limited Recourse Promissory Note was entered into between the Agency and the principals of the Riverstone West Phase 2 in the amount of $823,058 at 4.25% simple interest per annum. The notes is scheduled to be paid in semiannual payments of 75% of the tax revenue allocation proceeds from the private development known as Riverstone West Phase 2. Payments will continue until paid in full or by 2027. The total interest on the note cannot exceed $246,917. The current outstanding balance for the Riverstone West Phase 2 IRA is $782,334.

(Continued)

NOTE 7: PUBLIC IMPROVEMENTS

Description	Value
Midtown Place-making Project	$ 2,519
Land deeded by Agency to City of Coeur d'Alene	755,534
Total	$ 758,053

Midtown Place-making Project:

This project consists of maintenance (e.g. street tree pruning & fertilization, irrigation system) costs associated with public infrastructure streetscaping improvements installed during the Midtown Placemaking initiative.

Land deeded to the City of Coeur d'Alene:

On July 15, 2014, Coeur d'Alene City Council authorized the purchase of the BNSF Railroad property in Coeur d'Alene for $2,500,000. During the current fiscal year representatives of BNSF, the agency and the City have negotiated terms of the Purchase and Sale Agreement and closed on the purchase. The agency deeded to the City of Coeur d'Alene the River District portion in fiscal year 2015.

NOTE 8: RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Agency contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance.

An outside insurance company protects professional liability with a $2,000,000 liability and a $3,000,000 umbrella. Errors and omissions liability has a $2,000,000 liability with $2,000,000 in the aggregate annually per insured. Additionally, crime, boiler and machinery insurance is maintained. Automobile liability has a $2,000,000 single limit of liability.

NOTE 9: FUND BALANCE / NET ASSET CLASSIFICATIONS

The Agency operates two separate legally distinct funds – the Lake District and the River District. Revenues earned in each district can only be legally expended within the geographic boundary defined by each district. Because of this restriction, the Agency reports both fund balance and net position according to the amount legally restricted to expenditures within each district.

(Continued)

NOTE 10: SUBSEQUENT EVENTS

On November 18, 2015, Ignite cda approved partnership funding to the City of Coeur d'Alene in the amount of $1,600,000 for the Mullan Road element of the Four Corner master plan located within the ignite cda Lake District. The ignite cda partnership funding commitment will be spent in fiscal year 2016 and will be spent primarily on:

- Mullan Road reconstruction and realignment
- Creation of the Memorial Plaza area next to Memorial Field
- Creation of new surface parking capacity along Northwest Boulevard near Memorial Field

On November 18, 2015, ignite cda approved partnership funding to the City of Coeur d'Alene in the amount of $3,500,000 for reconstruction of the portion of Seltice Way located within the ignite cda River District. The ignite cda partnership funding will be spent primarily on reconstruction of the portion of Seltice Way beginning near the Prairie Trail underpass by Riverstone extending west to the City of Huetter. This funding commitment will occur in fiscal year 2017.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

LAKE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015

	* Budget Final	Actual Amounts	(1) Adjustment to Actual Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget
REVENUES					
Tax increment revenue	$ 4,336,966	$ 4,357,436	$ 35,974	$ 4,393,410	$ 56,444
Rental income	143,551	145,064	-	145,064	1,513
Penalties and interest	-	37,538	-	37,538	37,538
Interest earnings	2,796	3,792	-	3,792	996
Total revenues	4,483,313	4,543,830	35,974	4,579,804	96,491
EXPENDITURES					
Current:					
Arts	86,739	88,474	338	88,812	(2,073)
Communications	2,500	42,029	-	42,029	(39,529)
Dues and subscriptions	4,355	3,359	-	3,359	996
Insurance	2,672	2,685	-	2,685	(13)
Miscellaneous	500	-	-	-	500
Office overhead	5,770	4,231	-	4,231	1,539
Partnership grants	128,750	85,434	-	85,434	43,316
Professional services	280,880	156,786	-	156,786	124,094
Project reimbursements	69,284	96,535	-	96,535	(27,251)
Property management	134,044	55,892	-	55,892	78,152
Public improvements	25,000	2,519	-	2,519	22,481
Travel and meetings	6,100	4,288	-	4,288	1,812
Wages, benefits and payroll taxes	89,899	86,622	(14)	86,608	3,291
Debt service:					
Interest	409,860	407,822	-	407,822	2,038
Principal payments	3,823,981	2,487,009	-	2,487,009	1,336,972
Capital outlay	500,000	728,193	-	728,193	(228,193)
Special project reserve	750,000	-	-	-	750,000
Total expenditures	6,320,334	4,251,878	324	4,252,202	2,068,132
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(1,837,021)	291,952	35,650	327,602	2,164,623
OTHER FINANCING SOURCES					
Sale of general capital assets	-	161,600	-	161,600	(161,600)
Proceeds from financing	1,600,000	1,250,000	-	1,250,000	(350,000)
Total other financing sources	1,600,000	1,411,600	-	1,411,600	(511,600)
NET CHANGE IN FUND BALANCES	(237,021)	1,703,552	35,650	1,577,602	1,814,623
FUND BALANCES, beginning of year	2,179,422	3,834,846	(1,298,036)	2,536,810	357,388
FUND BALANCES, end of year	$ 1,942,401	$ 5,538,398	$ (1,262,386)	$ 4,114,412	$ 2,172,011

(1) EXPLANATION OF ADJUSTMENTS TO ACTUAL AMOUNTS

	To convert to budgetary basis (cash basis)
REVENUES	
Property taxes	$ 35,974
Total revenue adjustments	35,974
EXPENDITURES	
Arts	338
Wages and benefits	(14)
Total expenditure adjustments	324
NET CHANGE IN FUND BALANCES	35,650
FUND BALANCES, beginning of year	(1,298,036)
FUND BALANCES, end of year	$ (1,262,386)

* Budget was not amended

RIVER DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2015

	*Budget Original/Final	Actual Amounts	(1) Adjustment to Actual Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget
REVENUES					
Tax increment revenue	$ 1,946,946	$ 1,983,900	$ 12,169	$ 1,996,069	$ 49,123
Penalties and interest	-	18,064	-	18,064	18,064
Interest earnings	3,684	4,382	-	4,382	698
Total revenues	1,950,630	2,006,346	12,169	2,018,515	67,885
EXPENDITURES					
Current:					
Arts	38,939	40,288	757	41,045	(2,106)
Communications	2,500	42,029	-	42,029	(39,529)
Dues and subscriptions	4,355	3,359	-	3,359	996
Insurance	2,672	2,685	-	2,685	(13)
Miscellaneous	500	433	-	433	67
Office overhead	5,770	4,474	-	4,474	1,296
Partnership grants	-	3,750	-	3,750	(3,750)
Professional services	345,180	47,812	-	47,812	297,368
Project reimbursements	301,427	291,450	-	291,450	9,977
Property management	1,000	-	-	-	1,000
Public improvements	-	755,534	(755,534)	-	-
Travel and meetings	6,100	4,170	-	4,170	1,930
Utilities and telephone	-	-	-	-	-
Wages, benefits and payroll taxes	89,899	86,622	-	86,622	3,277
Debt service:					
Interest	-	-	-	-	-
Principal payments	-	-	-	-	-
Capital outlay	760,000	-	755,534	755,534	4,466
Special project reserve	350,000	-	-	-	350,000
Total expenditures	1,908,342	1,282,606	757	1,283,363	624,979
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES	42,288	723,740	11,412	735,152	692,864
OTHER FINANCING SOURCES					
Total other financing sources	-	-	-	-	-
NET CHANGE IN FUND BALANCES	42,288	723,740	11,412	735,152	692,864
FUND BALANCES, beginning of year	4,122,972	4,121,379	(21,131)	4,100,248	(22,724)
FUND BALANCES, end of year	$ 4,165,260	$ 4,845,119	$ (9,719)	$ 4,835,400	$ 670,140

(1) EXPLANATION OF ADJUSTMENTS TO ACTUAL AMOUNTS

	To convert to basis (cash basis)	To reclass land deeded to the City	Total
REVENUES			
Property taxes	$ 12,169	$ -	$ 12,169
Total revenue adjustments	12,169	-	12,169
EXPENDITURES			
Arts	757	-	757
Public improvements	-	(755,534)	(755,534)
Capital outlay	-	755,534	755,534
Total expenditure adjustments	757	-	757
NET CHANGE IN FUND BALANCES	11,412	-	11,412
FUND BALANCES, beginning of year	(21,131)	-	(21,131)
FUND BALANCES, end of year	$ (9,719)	$ -	$ (9,719)

* The budget was not amended.

REPORT REQUIRED BY GAO

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Lake City Development Corporation
Coeur d'Alene, ID 83816

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of ignite cda as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise ignite cda's basic financial statements, and have issued our report thereon dated January 8, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONCLUDED)

Purpose of this Report

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

Magnuson, McHugh & Company, P.A.

Magnuson, McHugh & Company, P.A.

January 8, 2016

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