ignite cda

COEUR D'ALENE'S URBAN RENEWAL AGENCY

Financial Statements

SEPTEMBER 30, 2017

ignite cda

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September 30, 2017

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Independent Auditor's Report

HOOVER
Certified Public Accountant | Business Consultant

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Ignite cda
Coeur d'Alene, Idaho 83816

Report on the Financial Statements

I 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, 2017, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted the 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2017, on my consideration of ignite cda's internal control over financial reporting and on my test of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 the ignite cda's internal control over financial reporting and compliance.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

December 19, 2017

Financial Section

Management's Discussion and Analysis

ignite cda
City of Coeur d'Alene's Urban Renewal Agency

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2017

This section of the ignite cda (Agency) fiscal year 2017 financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year that ended on September 30, 2017. Please read it in conjunction with the Agency's financial statements which follow this section. Note: The Agency is not a taxing entity and thus does not levy any form of taxes.

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, 2017 were $9,233,972.

- During fiscal year 2017, the Agency realized total general revenues of $5,663,343 and total net expenses of $(4,348,799) resulting in a net position change of $1,418,004.

- Lake District: in fiscal year 2017, the Agency approved the sale of surplus right of way property located in the Riverstone area east of Beebe Boulevard for $320,000.

- Lake District: in fiscal year 2017, the Agency released a Request for Proposals for the redevelopment of 0.53 acres of Agency-owned property located at 813-823 N. 4th Street in the Midtown area. Redevelopment proposals are due back to the Agency by January 12, 2018.

- Lake District: in fiscal year 2017, the Agency entered discussions with the City of Coeur d'Alene regarding the potential land exchange for Agency-owned property located on Young Avenue (south of city hall) for City-owned property located adjacent to Tilford Lane in the Riverstone area. The appraised value for the Agency's Young Avenue property is $960,000. The property exchange discussion focuses on the Agency being able to achieve an equitable net value return following the acquisition and development of the City's Riverstone property. Discussions regarding this initiative will continue in fiscal year 2018.

- Lake District: in fiscal year 2017, the Agency agreed to sell a 10-lot subdivision located on N. Park Drive in unison with the development of the Memorial Park element of the Four Corner Master Plan. The Agency has agreed to sell the 10 lots individually in fiscal year 2018 setting a cumulative minimum value for all lots sold at $2.1 million.

- Lake District: in fiscal year 2017, the Agency agreed to build a downtown structured parking facility on the half block of property owned jointly by the City and the Agency bounded by 3rd Street, 4th Street and Coeur d'Alene Avenue. In October 2017, the Agency approved a construction contract for the parking garage structure in the amount of $7.3 million, with construction completion scheduled for June/July of 2018.

- Lake District: in fiscal year 2017, the Agency entered into a Joint Venture Termination agreement with Idaho Housing & Financing Association (IHFA) pertaining to IHFA's financial interest in the Agency owned property located at 823 N. 4th Street. The Agency paid IHFA $209,750 via the Joint Venture Termination agreement.

- Lake District: in fiscal year 2017, the Agency acquired real property located at 214 N. 3rd Street for $750,000. This property will be utilized in the building envelope for the downtown structured parking facility.

- Lake District: in fiscal year 2017, the Agency entered a $10 million revenue allocation anticipation note with Washington Trust Bank, with a 5-year term at an interest rate of 2.2%. Proceeds from this note will be used to fund strategic projects located within the Lake District.

- Lake District: in fiscal year 2017, the Agency closed on the refinancing of the $16.7 million 2011 revenue allocation anticipation note with Washington Trust Bank in the refinanced amount of $8.7 million, with a 5-year term at an interest rate of 1.25%. Proceeds from this note will continue to be used to fund strategic projects located within the Lake District.

- Lake District: in fiscal year 2017, the Agency conditionally approved the "Coeurllaborate" mix-use (hospitality and commercial products) Improvement Reimbursement Agreement (IRA) in an amount not to exceed $680,000. Construction of the Coeurllaborate project is scheduled to begin in 2017.

- Lake District: In fiscal year 2016, the Agency conditionally approved the Lake Apartments Improvement Reimbursement Agreement ("IRA") in an amount not to exceed $568,750. Construction of the apartments is scheduled to begin in fiscal 2018.

- Lake District: in fiscal year 2017, the Agency approved the demolition of the buildings located on the following Agency owned properties:

    - 214 N. 3rd Street, 213 N. 4th Street, 308 Coeur d'Alene Avenue: The Agency plans to utilize these land assets for development of a structured parking facility.
    - 630 N. Park Drive, 626 N. Park Drive, 612 N. Park Drive, 516 N. Park Drive: The Agency plans to utilize these land assets for development of the N. Park Drive 10 lot subdivision.
    - 722 Young Avenue, 712 Young Avenue: The Agency plans to sell this property to the private sector, or exchange this property with the City for City owned property on Tilford Lane in the Riverstone area.

- Lake District: in fiscal year 2017, the Agency approved a final funding commitment of $1.36 million in construction funding for the Memorial Park element of the City of Coeur d'Alene Four Corner Master Plan.

- Lake District: in fiscal year 2016, the Agency approved $2.5 million of construction funding for the Collaborative Education Facility to be built on the North Idaho College Campus. This facility will be a joint use facility for North Idaho College, University of Idaho, Lewis Clark State College, Boise State University, and Idaho State University. The facility will serve as an entry point for all students entering these institutions, and will be another asset helping to make the Higher Education Campus and economic driver for the community. Construction of this project was postponed to fiscal year 2018; the Agency's funding commitment of $2.5 million remains unchanged.

- River District: in fiscal year 2017, the Agency entered discussions with the City of Coeur d'Alene regarding the City's acquisition of a 48-acre portion of the former Atlas Mill site property currently owned by a private individual. The 48-acre property is located outside of the Agency's River District. In fiscal year 2017 the City agreed to allow for the expansion of the River District's boundary and the creation of a new urban renewal district named the Atlas District. The City agreed to purchase the 48 acres in September 2017 for $7.85 million, with a closing scheduled for May 2018. The Agency's role in this proposed City partnership is still being defined. For fiscal year 2017: no financial commitments by the Agency were made, no River District boundary adjustment occurred, and no new urban renewal district was formed.

- River District: in fiscal year 2017, the Agency approved final funding of $4.56 million for the construction of the City of Coeur d'Alene's Seltice Way roadway revitalization initiative. This construction funding will be spent in both 2017 and 2018 fiscal years.

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.

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 position includes all 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 position and how they have changed. Net position, 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 position 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.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

Net Position

The Agency's September 30, 2017 net position was $9,233,972. Table 1 presents a summary of the Agency's net position.

Table 1

Ignite cda's NET POSITION

	2017	2016
Current and other assets	$ 11,202,472	$ 12,190,461
Capital assets, net of accumulated depreciation	6,081,251	5,066,731
Total assets	17,283,723	17,257,192
Long-term liabilities outstanding	7,705,611	9,402,842
Other liabilities	344,140	38,382
Total liabilities	8,049,751	9,441,224
Net position - investment in capital assets, net of related debt	5,512,198	4,427,264
Net position - restricted	3,721,774	3,388,704
Total net position	$ 9,233,972	$ 7,815,968

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE (Concluded)

Changes in Net Position

Table 2 shows the changes in net position for fiscal year 2017 and 2016.

Table 2

CHANGES IN NET POSITION

	2017	2016
Program revenues:		
Charges for services	$ 103,460	$ 176,371
General revenues:		
Tax increment revenue	5,604,940	6,549,584
Penalties and interest on past due property taxes	48,913	43,667
Interest and investment earnings	9,490	9,683
Total general revenues	5,663,343	6,602,934
Expenses:		
General government	4,007,710	2,655,527
Property rentals	203,743	126,006
Interest on long-term debt - general	137,346	343,214
Total expenses	4,348,799	3,124,747
Change in net position	$ 1,418,004	$ 3,654,558

Changes in Net Position

The Agency's total revenue of $5,766,803 for the fiscal year 2017 represents a decrease over fiscal year 2016 revenues. Agency fiscal year 2017 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 2017 with a total governmental fund balance of $10,546,037 which represents a decrease from the ending governmental fund balance for fiscal year 2016 primarily due to the funding of major capital projects 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 capital 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 above budget primarily due to the timing of expenditures related to the Seltice Way road improvement project.

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 2017, the Agency transferred $86,879 of Lake District funds to the Commission; and transferred $26,280 of River District funds to the Commission.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
In fiscal year 2017, the Agency acquired the land and building located at 214 N. 3rd Street for $750,000. The building was demolished in October 2017. The land asset will be utilized in the downtown parking structure project. The Agency's Lake District strategic property portfolio currently consists of twenty-four 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 2017, two of the Agency's twenty-four Lake District strategic property debt obligations have yet to be retired.

- Improvement Reimbursement Agreements (IRAs): The Agency has entered IRAs with the principals of the Ice Plant and 609 Sherman Avenue Lofts developments, and has granted conditional approval for The Lake Apartments and Coeurllaborate IRAs. 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 2016 conditionally approved Lake Apartments IRA principal reimbursement total is $568,750. The 2016 conditionally approved Coeurllaborate IRA principal reimbursement total is $680,000. 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 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.

Long-term Debt: River District

- Owner Participation Agreements (OPAs): The Agency has entered 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.

- 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 2018 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 2017, property values within the Agency's Districts increased reflecting a national trend. Private capital investment within the Districts continues to occur. During fiscal 2017, several projects were initiated within the Agency's Districts signaling increased economic activity. Fiscal year 2018 will see additional construction projects initiated attesting to a strong regional real estate market.

ECONOMIC OUTLOOK AND FISCAL YEAR 2018 IMPACT (Concluded)

Development for 2018 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 2017 for both Districts were consistent with projections. Projected fiscal 2018 property tax receipts for properties remaining post de-annexation for both the Lake & River Districts should be on par with those respective property receipts from fiscal 2017. 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 2017 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 2018 economic forecast for the northern Idaho region is optimistic. Private equity continues to move off the sidelines. Relocations (people, businesses) and property investment into the area will stimulate the local economy.

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:

Tony Berns
Ignite cda Executive Director
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Coeur d'Alene, ID 83814
208-292-1630
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Financial Section

Basic Financial Statements

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STATEMENT OF NET POSITION
September 30, 2017

ASSETS	
Cash and cash equivalents	$ 10,059,694
Property taxes receivable	346,096
Tenant deposits	3,029
Restricted cash - bond reserve	793,653
Land	3,599,863
Capital assets, net of accumulated depreciation	2,481,388
Total assets	17,283,723
LIABILITIES	
Accounts payable	336,163
Accrued payroll and taxes	3,886
Due to other governments	462
Tenant deposits	3,629
Long-term liabilities	
Due within one year	2,299,467
Due in more than one year	5,406,144
Total liabilities	8,049,751
NET POSITION	
Net investment in capital assets	5,512,198
Restricted to Lake District	(1,060,389)
Restricted to River District	4,782,163
Total net position	$ 9,233,972

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

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STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017

FUNCTIONS / PROGRAMS	Expenses	Charges for Services	Net Governmental Activities
PRIMARY GOVERNMENT:			
General government activities:			
Arts	$ 113,159	$ -	$ (113,159)
Dues and subscriptions	14,534	-	(14,534)
Insurance	5,424	-	(5,424)
Miscellaneous	673	-	(673)
Office overhead	5,850	-	(5,850)
Partnership initiatives	241,000	-	(241,000)
Professional services	193,633	-	(193,633)
Project reimbursements	508,126	-	(508,126)
Public improvements	2,743,316	-	(2,743,316)
Travel and meetings	4,606	-	(4,606)
Wages, benefits, and payroll taxes	177,389	-	(177,389)
Total general government activities	$ 4,007,710	$ -	$ (4,007,710)
Property rental activities:			
Rental income	-	103,460	103,460
Property management	143,070	-	(143,070)
Depreciation	52,917	-	(52,917)
Interest on long-term debt	7,756	-	(7,756)
Total property rental activities	203,743	103,460	(100,283)
Interest on long-term debt - general	137,346	-	(137,346)
TOTAL PRIMARY GOVERNMENT	$ 4,348,799	$ 103,460	$ (4,245,339)
GENERAL REVENUES:			
Tax increment revenue			5,604,940
Penalties and interest on past due property taxes			48,913
Interest earnings			9,490
Total general revenues			5,663,343
CHANGE IN NET POSITION			1,418,004
NET POSITION, beginning of year			7,815,968
NET POSITION, end of year			$ 9,233,972

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

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GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2017

	Lake District	River District	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 5,132,732	$ 4,926,962	$ 10,059,694
Property taxes receivable	244,606	101,490	346,096
Tenant deposits	3,029	-	3,029
Restricted cash - bond reserve	793,653	-	793,653
Total assets	$ 6,174,020	$ 5,028,452	$ 11,202,472
LIABILITIES			
Accounts payable	$ 89,989	$ 246,174	$ 336,163
Accrued payroll and taxes	3,886	-	3,886
Due to other governments	347	115	462
Tenant deposits	3,629	-	3,629
Total liabilities	97,851	246,289	344,140
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue- property taxes	218,489	93,806	312,295
Total deferred inflows of resources	218,489	93,806	312,295
FUND BALANCES			
Restricted	5,857,680	4,688,357	10,546,037
Total fund balances	5,857,680	4,688,357	10,546,037
Total liabilities, deferred inflows of resources, and fund balances	$ 6,174,020	$ 5,028,452	$ 11,202,472

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, 2017

Total fund balances - Governmental Funds, September 30, 2017	$ 10,546,037
Cost of land	3,599,863
Cost of capital assets at September 30, 2017	3,167,302
Less: Accumulated depreciation, September 30, 2017	(685,914)
Elimination of unavailable revenue- property taxes	312,295
Long-term debt balance - September 30, 2017	(7,705,611)
Net position, September 30, 2017	$ 9,233,972

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, 2017

	Lake District	River District	Total Governmental Funds
REVENUES			
Tax increment revenue	$ 4,344,416	$ 1,321,992	$ 5,666,408
Rental income	103,460	-	103,460
Penalties and interest on past due property taxes	39,745	9,168	48,913
Interest earnings	4,399	5,091	9,490
Total revenues	4,492,020	1,336,251	5,828,271
EXPENDITURES			
Current:			
Arts	86,879	26,280	113,159
Dues and subscriptions	7,267	7,267	14,534
Insurance	2,712	2,712	5,424
Miscellaneous	337	336	673
Office overhead	2,925	2,925	5,850
Partnership initiatives	241,000	-	241,000
Professional services	123,098	70,535	193,633
Project reimbursements	81,070	427,056	508,126
Property management	143,070	-	143,070
Public improvements	292,771	2,450,545	2,743,316
Travel and meetings	2,303	2,303	4,606
Wages, benefits and payroll taxes	88,694	88,695	177,389
Debt service:			-
Interest	145,102	-	145,102
Principal payments	1,757,231	-	1,757,231
Capital outlay:			
General government	1,067,437	-	1,067,437
Total expenditures	4,041,896	3,078,654	7,120,550
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES	450,124	(1,742,403)	(1,292,279)
OTHER FINANCING SOURCES			
Proceeds from debt financing	60,000	-	60,000
Total other financing sources	60,000	-	60,000
NET CHANGE IN FUND BALANCES	510,124	(1,742,403)	(1,232,279)
FUND BALANCES, beginning of year	5,347,556	6,430,760	11,778,316
FUND BALANCES, end of year	$ 5,857,680	$ 4,688,357	$ 10,546,037

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, 2017

Total net changes in fund balances for the year ended September 30, 2017	$ (1,232,279)
Less: Depreciation expense for the year ended September 30, 2017	(52,917)
Add: Long-term debt payments considered as an expenditure	1,757,231
Less: Proceeds from debt financing	(60,000)
Add: Capital expenditures	1,067,437
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	(61,468)
Change in net position for the year ended September 30, 2017	$ 1,418,004

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. That 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 a 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.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (Concluded)

- *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 a 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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, expenses, 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 accrued 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, are 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 measureable 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.

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 measureable. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Cash Equivalents

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 on deposit with banks, and investments with an original maturity of three months or less, at the time they are purchased by the Agency. Investments in U.S. Obligations are for the funding of capital projects and are readily convertible to cash.

F. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Agency maintains a capitalization threshold of $5,000. Improvements and interest incurred during construction of capital assets are capitalized. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets useful life are not capitalized.

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 over the following estimated useful lives:

	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, which will 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fund Balance Classifications

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 as restricted, committed, assigned, or unassigned.

The Agency reports the following classifications as applicable:

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 the appropriate due process by the Board of Commissioners. Committed fund balances differ from restricted fund 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 secretary/treasurer, or (b) an appointed body (e.g., a budget or finance committee) or official to whom 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and 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 balance. Further, when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

K. Net Position Flow Assumption

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 could differ from those estimates.

M. Property Taxes

Since the Agency is not a taxing entity, property taxes collected on the Agency's behalf by Kootenai County for 2016 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 inflows of resources. In the government-wide financial statements, property taxes are recorded as revenue in the period levied in accordance with the accrual basis of accounting.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

M. Property Taxes (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 will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 type of 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 the amounts become available.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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 the 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 amended the Lake District budget for the fiscal year ending September 30, 2017.

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.

NOTE 3: CASH AND CASH EQUIVALENTS

General:

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

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the Agency's deposits and investments may not be returned to it. The Agency does not have a deposit policy for custodial credit risk, but has charged management with ensuring the Agency's exposure to custodial credit risk is minimal. The carrying amount of the Agency's deposits is $10,853,347 and the bank balance is $10,928,028. At September 30, 2017, the Agency's bank balance was not exposed to custodial credit risk. Details are as follows:

Amounts insured by the FDIC and or collateralized with securities: $10,928,028

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

NOTE 4: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended September 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 3,599,863	$ -	$ -	$ 3,599,863
Total capital assets, not being depreciated	3,599,863	-	-	3,599,863
Capital assets, being depreciated:				
Buildings and sites	2,099,865	1,067,437	-	3,167,302
Total capital assets being depreciated	2,099,865	1,067,437	-	3,167,302
Less accumulated depreciation:				
Buildings and sites	632,997	52,917	-	685,914
Total accumulated depreciation	632,997	52,917	-	685,914
Total capital assets, being depreciated, net	1,466,868	1,014,520	-	2,481,388
Governmental activities capital assets, net	$ 5,066,731	$ 1,014,520	$ -	$ 6,081,251

Depreciation expense of $52,917 for the year ending September 30, 2017 was charged to the property rental function.

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 construction 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, 2013, 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 were monthly payments due the first of each month, bearing interest at the rate of 4.0%. A balloon payment in the amount of $555,676 was due April 1, 2013.

On April 1, 2014, 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
2018	2.65%	$ 323,892	$ 3,528	$ 327,420
		$ 323,892	$ 3,528	$ 327,420

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

On June 16, 2008, the Agency purchased property at 839 N. 3rd Street and 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 4.5% for the first five years and 4.64% for the second five years of the loan. A balloon payment in the amount of $245,161 is due June 16, 2018. The remaining annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2018	4.64%	$ 245,161	$ 12,706	$ 257,867
		$ 245,161	$ 12,706	$ 257,867

NOTE 5: LONG-TERM DEBT (Continued)

Bond Payable – Washington Trust (2016 Series):

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

The Agency refunded the note during the 2016 fiscal year and closed on November 2016. The bank has agreed to reduce the required reserve amount for this debt obligation down to 10% of the principal balance. The new Series 2016 Note had a principal of $8,763,375 with a 1.25% interest rate and a term ending in 2021. As of September 30, 2017, the remaining principal balance was $7,076,558.

The annual requirements to retire the debt are as follows:

Fiscal Year Ending September 30,	Rate	Principal	Interest	Total
2018	1.25%	$ 1,730,414	$ 83,990	$ 1,814,404
2019	1.25%	1,752,414	61,990	1,814,404
2020	1.25%	1,774,601	39,804	1,814,405
2021	1.25%	1,819,129	17,148	1,836,277
		$ 7,076,558	$ 202,932	$ 7,279,490

Bond Payable – Washington Trust (2017 Series):

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

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

Upon issuance of the Note, the District is required to maintain an unrestricted cash balance of $1,000,000. Beginning February 1, 2018 and on February 1 of each subsequent year, the Cash on Hand requirement shall be adjusted annually to an amount equal to 10% of the principal balance plus any unfunded balance of the note. Payments on the Note are due in semi-annual installments based on the aggregate principal amount drawn, plus accrued interest, pursuant to an amortization schedule. The first amortized payment is payable on the first February or August 1 following draws totaling $1,000,000. As of September 30, 2017, the District has drawn a total of $60,000 on the Note. Accordingly, a schedule of future payments for the Note has not been presented, as the amounts and timing of the District's draws are still unknown. The Bond is secured by the District's pledge of the tax increment revenue allocation proceeds, subject to prior liens as described in the Note Purchase and Security Agreement.

NOTE 5: LONG-TERM DEBT (Concluded)

The following is a summary of all debt activity for the fiscal year ended September 30, 2017:

	Beginning Balance	Principal Additions	Principal Payments	Ending Balance	Due in One Year
Library Site	$ 377,522	$ -	$ (53,630)	$ 323,892	$ 323,892
839 N. 3rd St. & 845 N. 4th. St.	261,945	-	(16,784)	245,161	245,161
Bond Payable- Washington Trust 2017 Series	-	60,000	-	60,000	-
Bond Payable - Washington Trust 2016 Series	8,763,375	-	(1,686,817)	7,076,558	1,730,414
	$ 9,402,842	$ 60,000	$ (1,757,231)	$ 7,705,611	$ 2,299,467

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 5.0% simple interest per annum. The note is schedule to be paid in semi-annual payments of 73% 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 $6,261,169.

On February 20, 2008, a limited Recourse Promissory Note was entered into with the Agency and the 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 semi-annual 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 $276,088.

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 semi-annual payments of 73% 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 $156,985.

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 semi-annual payments of 73% of the tax revenue allocation proceeds from the private development known as 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 $364,007.

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 semi-annual payments of 73% 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 $325,919.

NOTE 6: COMMITMENTS AND CONTINGENCIES (Continued)

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. March 2016 Mortgage Investment Trust Corporation acquired the note. The note is scheduled to be paid in semi-annual payments of 73% 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 note is scheduled to be paid in semi-annual payments of 73% 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 IRS is $762,361.

In December of 2015, a limited Recourse Promissory Note was entered into between the Agency and the principals of Active West, LLC in the amount of $344,610 at 2.5% simple interest per annum. The note is scheduled to be paid in semi-annual payments of 73% of the tax revenue allocation proceeds from the private development known as Circuit at Seltice Project. Payments will continue until paid in full or by December 2027. The total interest on the note cannot exceed $103,383. The current outstanding balance is $344,610.

In December of 2015, a Limited Recourse Promissory Note was entered into between the Agency and the principals of Riverstone West Apartments III, LLC in the amount of $280,000 at 2.5% simple interest per annum. The note is scheduled to be paid in semi-annual payments of 73% of the tax revenue allocation proceeds from the private development known as Riverstone West Apartments III Project. Payments will continue until paid in full or by December 2027. The total interest on the note cannot exceed $84,000. The current outstanding balance is $271,548.

In fiscal year 2016, the Agency conditionally approved the Lake Apartments Improvement Reimbursement Agreement ("IRA") in an amount not to exceed $568,750. Construction of the apartments is scheduled to begin in fiscal 2018.

In fiscal year 2017, the Agency conditionally approved the "Coeurllaborate" mix-use (hospitality and commercial products) Improvement Reimbursement Agreement (IRA) in an amount not to exceed $680,000. Construction of the Coeurllaborate project is scheduled to begin in 2017.

Public Improvement/Project Commitments:

Lake District:

- In fiscal year 2017, the Agency agreed to build a downtown structured parking facility on the half block of property owned jointly by the City and the Agency bounded by 3rd Street, 4th Street and Coeur d'Alene Avenue. In October 2017, the Agency approved a construction contract for the parking garage structure in the amount of $7.3 million, with construction completion scheduled for June/July of 2018.

NOTE 6: COMMITMENTS AND CONTINGENCIES (Concluded)

Lake District (concluded):

- In fiscal year 2016, the Agency approved $2.5 million of construction funding for the Collaborative Education Facility to be built on the North Idaho College Campus. This facility will be a joint use facility for North Idaho College, University of Idaho, Lewis Clark State College, Boise State University, and Idaho State University. Construction of this project was postponed to fiscal year 2018; the Agency's funding commitment of $2.5 million remains unchanged.

River District:

- In fiscal year 2017, the Agency approved final funding of $4.56 million for the construction of the City of Coeur d'Alene's Seltice Way roadway revitalization initiative. During the fiscal year ended September 30, 2017, the Agency expended approximately $2.45 million on the project, leaving approximately $2.11 million in remaining funding commitment.

NOTE 7: PUBLIC IMPROVEMENTS

During the year, the Agency funded the following public improvement projects:

Lake District:
- Four Corners master plan - $292,771

River District:
- Seltice Way - $2,450,545

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 separately 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.

Financial Section

Required Supplementary Information

ignite cda

LAKE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	(1) Adjustments to Actual Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget
REVENUES						
Tax increment revenue	$ 3,946,536	$ 4,273,770	$ 4,344,416	$ (40,202)	$ 4,304,214	$ 30,444
Rental income	127,611	92,490	103,460	-	103,460	10,970
Penalties and interest on past due property taxes	-	-	39,745	-	39,745	39,745
Interest earnings	4,560	4,560	4,399	-	4,399	(161)
Total revenues	4,078,707	4,370,820	4,492,020	(40,202)	4,451,818	80,998
EXPENDITURES						
Current:						
Art	78,931	85,475	86,879	(109)	86,770	1,295
Communications	2,500	2,500	-	-	-	(2,500)
Dues and subscriptions	3,913	3,913	7,267	-	7,267	3,354
Insurance	2,699	2,699	2,712	-	2,712	13
Miscellaneous	500	500	337	-	337	(163)
Office overhead	4,630	4,630	2,925	-	2,925	(1,705)
Partnership initiatives	31,250	241,250	241,000	-	241,000	(250)
Professional services	144,130	569,130	123,098	307,587	430,685	(138,445)
Project reimbursements	83,240	83,240	81,070	-	81,070	(2,170)
Property management	102,286	128,037	143,070	-	143,070	15,033
Public improvements	1,340,000	869,550	292,771	(42,560)	250,211	(619,339)
Travel and meetings	5,800	5,800	2,303	-	2,303	(3,497)
Wages, benefits and payroll taxes	99,453	99,453	88,694	38	88,732	(10,721)
Debt service:						
Interest	287,732	122,106	145,102	-	145,102	22,996
Principal payments	1,749,990	1,779,955	1,757,231	-	1,757,231	(22,724)
Capital outlay:						
General government	-	750,500	1,067,437	(355,016)	712,421	(38,079)
Special project reserve	500,000	250,000	-	-	-	(250,000)
Total expenditures	4,437,054	4,998,738	4,041,896	(90,060)	3,951,836	(1,046,902)
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES	(358,347)	(627,918)	450,124	49,858	499,982	1,127,900
OTHER FINANCING SOURCES						
Proceeds from debt financing	-	-	60,000	-	60,000	60,000
Total other financing sources	-	-	60,000	-	60,000	60,000
NET CHANGE IN FUND BALANCES	(358,347)	(627,918)	510,124	49,858	559,982	1,187,900
FUND BALANCE, beginning of year	732,642	732,642	5,347,556	(1,242,853)	4,114,412	3,210,191
FUND BALANCE, end of year	$ 374,295	$ 104,724	$ 5,857,680	$ (1,192,995)	$ 4,674,394	$ 4,398,091

(1) EXPLANATION OF ADJUSTMENTS TO ACTUAL AMOUNTS

	To convert to budgetary basis (cash basis)	To reclass to original budget category	Total
REVENUES			
Property taxes	$ (40,202)	$ -	$ (40,202)
Total revenue adjustments	(40,202)	-	(40,202)
EXPENDITURES			
Arts	(109)	-	(109)
Professional services	(9,478)	317,065	307,587
Public improvements	(42,560)	-	(42,560)
Wages and benefits	38	-	38
Capital outlay	(37,951)	(317,065)	(355,016)
Total expenditures adjustments	(90,060)	-	(90,060)
NET CHANGE IN FUND BALANCES	49,858	-	49,858
FUND BALANCE, beginning of year	(1,242,853)	-	(1,242,853)
FUND BALANCE, end of year	$ (1,192,995)	$ -	$ (1,192,995)

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

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RIVER DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2017

	*Final Budgeted Amounts	Actual Amounts	(1) Adjustments to Actual Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget
REVENUES					
Tax increment revenue	$ 1,204,418	$ 1,321,992	$ (11,381)	$ 1,310,611	$ 106,193
Penalties and interest on past due property taxes	-	9,168	-	9,168	9,168
Interest earnings	4,680	5,091	-	5,091	411
Total revenues	1,209,098	1,336,251	(11,381)	1,324,870	115,772
EXPENDITURES					
Current:					
Art	24,088	26,280	(23)	26,257	2,169
Communications	2,500	-	-	-	(2,500)
Dues and subscriptions	3,913	7,267	-	7,267	3,354
Insurance	2,699	2,712	-	2,712	13
Miscellaneous	500	336	-	336	(164)
Office overhead	4,630	2,925	-	2,925	(1,705)
Professional services	79,930	70,535	25,500	96,035	16,105
Project reimbursements	447,264	427,056	-	427,056	(20,208)
Property management	1,000	-	-	-	(1,000)
Public improvements	1,750,000	2,450,545	(246,174)	2,204,371	454,371
Travel and meetings	5,800	2,303	-	2,303	(3,497)
Wages, benefits and payroll taxes	99,453	88,695	-	88,695	(10,758)
Special project reserve	250,000	-	-	-	(250,000)
Total expenditures	2,671,777	3,078,654	(220,697)	2,857,957	186,180
NET CHANGE IN FUND BALANCES	(1,462,679)	(1,742,403)	209,316	(1,533,087)	(70,408)
FUND BALANCE, beginning of year	5,038,158	6,430,760	19,530	4,835,400	1,412,132
FUND BALANCE, end of year	$ 3,575,479	$ 4,688,357	$ 228,846	$ 3,302,313	$ 1,341,724

(1) EXPLANATION OF ADJUSTMENTS TO ACTUAL AMOUNTS

	To convert to budgetary basis (cash basis)
REVENUES	
Property taxes	$ (11,381)
Total revenue adjustments	(11,381)
EXPENDITURES	
Arts	(23)
Professional services	25,500
Public improvements	(246,174)
Total expenditures adjustments	(220,697)
NET CHANGE IN FUND BALANCES	209,316
FUND BALANCE, beginning of year	19,530
FUND BALANCE, end of year	$ 228,846

* Budget was not amended

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

Financial Section

Report Required by the GAO

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*

Independent Auditor's Report

To the Board of Commissioners
Ignite cda
Coeur d'Alene, Idaho 83816

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of ignite cda, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise ignite cda's basic financial statements and have issued my report thereon dated December 19, 2017.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ignite cda's internal control. Accordingly, I 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ignite cda's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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* (CONCLUDED)

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC

December 19, 2017