



Financial Statements  
SEPTEMBER 30, 2021

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**Financial Section**

**Independent Auditor's Report**



## INDEPENDENT AUDITOR'S REPORT

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

### **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, 2021, 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 my audit. We 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 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, 2021, 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.

## **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. 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 my 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 19, 2022, on our consideration of ignite cda's internal control over financial reporting and on our 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 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.

*Scott P. Hoover, CPA*

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

January 19, 2022

## **Financial Section**

### **Management's Discussion and Analysis**

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

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

This section of the ignite cda (Agency) fiscal year 2021 financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year that ended on September 30, 2021. 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 four 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.
  - Atlas District, formed in 2018, encompasses the geographic area between Seltice Way and the Spokane River, bounded on the east by the Riverstone development and bounded on the west by the US Bank Service Center.
  - Health Corridor District, formed in 2019, encompasses the general geographic area located between Government Way, Interstate 90, Northwest Boulevard and Davidson Avenue.
- The Agency's total (Lake, River, Atlas & Health Corridor Districts) net position as of September 30, 2021 was \$17,159,054.
- During fiscal year 2021, the Agency realized total general revenues and special items of \$9,498,893 and total net expenses of \$(2,806,629) resulting in a change in net position of \$6,692,264.
- Lake District: in fiscal year 2019, the Agency issued a Request for Proposals (RFP) for redevelopment of the Agency's property assets located in the Midtown area of the Lake District (813 N. 4<sup>th</sup> – 823 N. 4<sup>th</sup>). Two proposals were submitted, and the Agency awarded the project to Midtown Ventures LLC. In fiscal year 2019, the Agency entered into an Agreement to Negotiate Exclusively (ANE) with the Midtown Ventures LLC development team that will result in a fair reuse appraisal process and development of a Disposition and Development Agreement (DDA) that will guide the redevelopment of the Agency's Midtown property assets. The plan was for the mix-use (retail/commercial/residential) project to begin construction in fiscal year 2021. However, due to issues associated with the Covid-19 pandemic situation, construction costs, as well as an easement issue, project commencement has been moved to fiscal year 2022.
- Lake District: In fiscal year 2021, the Agency agreed to partner with the City of Coeur d'Alene and the Museum of North Idaho to fund \$700,000 of site improvements on City-owned property where the new Museum of North Idaho building is being developed. The funded site improvements will be completed by September 30, 2022.
- Lake District: In fiscal year 2021, the Agency agreed to partner with the City of Coeur d'Alene to fund the following project initiatives located in the Lake District. These project initiatives will be completed by September 30, 2022.

McEuen Park: Shade Element in West Pavillion Area or Playground Area	\$ 100,000
Fire Department Boat House at 3rd Street	\$ 225,000
Seltice Way Conduit to Run Fiber to Atlas Park	\$ 35,000
McEuen Park: Sidewalk Repairs	\$ 100,000
Coeur d'Alene Library: Stairs Improvements	\$ 50,000
McEuen Park: Harbor House Overlook Deck Replacement	\$ 30,000
McEuen Park: Grant Plaza Tree Wells & Irrigation	\$ 25,000

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**City of Coeur d'Alene's Urban Renewal Agency**

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

- Lake District: in fiscal year 2021, the Agency partnered with the Rotary Club of Coeur d'Alene to purchase the small pocket park located downtown at 316 E. Sherman Avenue. The purchase price for the property was \$525,000 with the Agency contributing \$500,000 and the Rotary Club contributing \$25,000. The Rotary Club will make improvements to the property in conjunction with the Agency, and the Agency will gift the property to the City in 2022 for use as a long-term public space known as the Coeur d'Alene Rotary Centennial Park.
- Lake District: in fiscal year 2017, the Agency entered into 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 have been used in fiscal year 2021 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%. This Note was retired in fiscal year 2021.
- Lake District: in September of 2016, the Agency conditionally approved the Lake Apartments residential Improvement Reimbursement Agreement (IRA) in an amount not to exceed \$568,750. Construction of the Lake Apartments project commenced in fiscal year 2018 and was near completion at the end of fiscal year 2019. An executed IRA with the developer was completed in fiscal year 2021 with an Agency funding commitment not to exceed \$95,918.
- Lake 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 owned by a private individual. The 48-acre property was located outside of the Agency's Lake District. In fiscal year 2018 the City agreed to allow for the expansion of the Lake District's boundary. The City agreed to purchase the 48 acres in September 2017 for \$7.85 million and purchased the property in May 2018. In September of fiscal year 2018, the Agency approved the "Second Amendment to the Second Amended & Restated Lake District Urban Renewal Plan" which if approved by City Council, would expand the Lake District's footprint into the Atlas mill site property acquired by the City. In fiscal 2019, the CDA City Council approved the expansion of the Lake District boundary.
- Lake District: in fiscal year 2020, the Agency agreed to fund the Atlas Waterfront development project in the amount of \$6.9 million. In fiscal year 2021, project funding was completed. The Atlas Waterfront Park project created new public space along the Spokane River that includes a new public park, a new public beach, restrooms, surface parking, handicap water access and bike/ped trails.
- Lake District: in fiscal year 2020, the Agency issued an Atlas Mill Site Development Opportunity Request for Proposals (RFP) document. The RFP focused on development opportunities associated with certain geographic areas located in Phase 1 of the mill site development plan. In 2020, the board made an award of Area 13 to the development team of deChase-Miksis, the lone Phase 1 development area located in the Lake District. This property did not close in fiscal year 2021 and negotiations with the developer ceased. Area 13 is scheduled to be included in a new RFP in fiscal year 2022.
- Lake District: in fiscal year 2020, the Agency agreed to partner with the City of Coeur d'Alene on the City's project to extend LaCrosse Avenue into the Riverstone/Bellerive areas. The Agency's financial contribution to the project is \$1.8 million. As of fiscal year ended September 30, 2021, the Agency had funded approximately \$613,000 of the project. The project is scheduled to be completed in fiscal year 2022.



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**City of Coeur d'Alene's Urban Renewal Agency**

**Management's Discussion & Analysis**  
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- Lake District: in fiscal year 2020, the Agency agreed to issue a Request for Proposals (RFP) pertaining to the development of Agency owned abandoned railroad right of way property located in the Riverstone/Bellerive area of the District. Two proposals were received via the RFP process and the Agency chose the proposal submitted by the Bear Waterfront development team. Sale of the Agency's property to the Bear Waterfront team closed in fiscal year 2021 at a gross sales price of \$700,000.
- 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 owned by a private individual. The 48-acre property was located outside of the Agency's River District. In fiscal year 2018 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 and purchased the property in May 2018. In September of fiscal year 2018, the Agency approved the "Second Amendment to the River District Redevelopment Plan" which if approved by City Council, would expand the River District's footprint into the Atlas mill site property acquired by the City. In fiscal 2019, the CDA City Council approved the expansion of the River District boundary.
- River District: in fiscal year 2020, the City of CDA transferred ownership of Atlas mill site property to the Agency. This 45.5-acre property transfer included City-owned Atlas mill site property as well as City-owned railroad right of way property. Approximately 24% of the transferred property resides in the River District.
- River District: in fiscal year 2020, the Agency authorized a \$648,000 contract to perform Phase 1 earthwork which will impact both the River and Atlas Districts. Earthwork continued in fiscal year 2021.
- River District: in fiscal year 2020, the Agency authorized a \$2.0 million contract to perform Phase 1 infrastructure work which will impact both the River and Atlas Districts. Infrastructure work continued in fiscal year 2021.
- River District: in fiscal years 2020 and 2021, the Agency issued Atlas Mill Site Development Opportunity Request for Proposals (RFP). The RFP focused on development opportunities associated with certain geographic areas located in Phase 1 of the mill site development plan. In 2020 and 2021, the board made the following proposal awards for property sales for the initial Phase 1 development areas located in the River District. Area 1 and Area 6 closed in fiscal year 2021. Sale of the other Areas are pending:
  - Area 1 (50% of area located in River District): Developer – Bluegrass Development
  - Area 6: Developer – Active West
  - Area 8: Riverfest LLC
  - Area 10: Developer – deChase-Miksis
- River District: in fiscal year 2018, the Agency agreed to enter a \$7 million revenue allocation anticipation note with Washington Trust Bank, with a 10-year term at a fixed interest rate of 3.3%. Note documents were executed in fiscal year 2019. Proceeds from this note will be used to fund strategic projects located within the River District.

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**City of Coeur d'Alene's Urban Renewal Agency**

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

- Atlas District: in fiscal year 2017, the Agency entered into 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 owned by a private individual. The 48-acre property was located outside of the Agency's River and Lake Districts. In fiscal year 2018 the City agreed to allow for the creation of a new 68.4-acre Atlas Urban Renewal District which will encompass an area including a portion of the City's purchased property (36.8 acres) and additional mill site property owned by a private individual (31.6 acres). The City agreed to purchase the 48 acres in September 2017 for \$7.85 million and purchased the property in May 2018. In September of fiscal year 2018, the Agency approved the "Atlas District Urban Renewal Plan" which if approved by City Council, would create the New Atlas District. In fiscal 2019, the Coeur d'Alene City Council approved the creation of the Atlas District.
- Atlas District: in fiscal year 2020, the City of Coeur d'Alene transferred ownership of Atlas mill site property to the Agency. This 45.5-acre property transfer included City-owned Atlas mill property as well as City-owned railroad right of way property. Approximately 76% of the transferred property resides in the Atlas District.
- Atlas District: in fiscal year 2020, the Agency authorized a \$648,000 contract to perform Phase 1 earthwork which will impact both the River and Atlas Districts. Earthwork continued in fiscal year 2021.
- Atlas District: in fiscal year 2020, the Agency authorized a \$2.0 million contract to perform Phase 1 infrastructure work which will impact both the River and Atlas Districts. Infrastructure work continued in fiscal year 2021.
- Atlas District: in fiscal years 2020 and 2021, the Agency issued Atlas Mill Site Development Opportunity Request for Proposals (RFP). The RFP focused on development opportunities associated with certain geographic areas located in Phase 1 of the mill site development plan. In 2020 and 2021, the board made the following proposal awards for property sales for the Phase 1 and 2 development areas located in the Atlas District. Area 1 and Area 2 closed in fiscal year 2021. Sale of the other Areas are pending:
  - Area 1 (50% of area located in Atlas District): Developer – Bluegrass Development
  - Area 2: Developer – Bluegrass Development
  - Area 3: Developer – Toll Brothers
  - Area 4: Developer – Toll Brothers
  - Area 5B: Developer – Riverfest LLC
  - Area 12: Developer – deChase-Miksis
- Atlas District: in fiscal year 2021, the City of Coeur d'Alene transferred the 3.8 acre "triangle parcel" to the Agency that the City acquired via a land exchange. Inclusion of this property completes the Atlas project site development footprint.
- Health Corridor District: in fiscal year 2019, the Agency accepted the Health Corridor Eligibility Report authored by the Panhandle Area Council. Prior to Agency adoption, the Eligibility Report was accepted by the Coeur d'Alene City Council. The Agency was authorized by the Coeur d'Alene City Council to develop an Urban Renewal Plan for the proposed Health Corridor area which would include a Master Plan and Economic Feasibility Study. The Agency hired HDR Engineering, Inc. to develop the Master Plan and to perform the Economic Feasibility Study. The HDR planning documents were completed and delivered to the Agency in September 2019. Development of the Health Corridor Urban Renewal Plan for City Council review initiated in fiscal year 2019. City Council approved creation of the new Health Corridor District in December 2019.

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**City of Coeur d'Alene's Urban Renewal Agency**

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

- Health Corridor District: in fiscal year 2020, the Agency in partnership with Kootenai Health, the City of Coeur d'Alene, Idaho Transportation Department and Kootenai Metropolitan Planning Organization engaged DOWL Engineering to perform a traffic study for the new district. The traffic study was completed in fiscal year 2021 providing recommendations for mobility improvements.

## **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.

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**City of Coeur d'Alene's Urban Renewal Agency**

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

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, 2021 net position was \$17,159,054. Table 1 presents a summary of the Agency's net position.

**Table 1**  
**Ignite cda's NET POSITION**

	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 6,665,625	\$ 6,660,455
Capital assets, net of accumulated depreciation	14,204,255	12,544,411
Total assets	20,869,880	19,204,866
Long-term liabilities outstanding	3,049,194	7,861,240
Other liabilities	661,632	876,833
Total liabilities	3,710,826	8,738,073
Net position - investment in capital assets, net of related debt	14,204,255	12,544,411
Net position - restricted	2,954,799	(2,077,618)
Total net position	\$ 17,159,054	\$ 10,466,793

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

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

**FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE (Concluded)**

**Changes in Net Position**

Table 2 shows the changes in net position for fiscal year 2021 and 2020.

**Table 2**

**CHANGES IN NET POSITION**

	<b>2021</b>	<b>2020</b>
Program revenues:		
Charges for services	\$ 1,400	\$ 3,850
General revenues:		
Tax increment revenue	7,000,570	6,599,102
Penalties and interest on past due property taxes	32,426	38,434
Interest and investment earnings	5,751	15,032
Miscellaneous income	28,892	37,116
Special items:		
Gain from transfer of City-owned land	268,885	9,172,408
Gain from disposition of assets	2,162,369	100,646
Total general revenues and special items	9,498,893	15,962,738
Expenses:		
General government	2,662,973	6,353,605
Property rentals	8,967	9,282
Interest on long-term debt - general	136,089	179,742
Total expenses	2,808,029	6,542,629
Change in net position	\$ 6,692,264	\$ 9,423,959

**Changes in Net Position**

The Agency's total general revenues, plus special items totaled \$9,498,893, for the fiscal year 2021. This represents a decrease over fiscal year 2020 revenues and special items of \$6,463,845. The biggest contributors to the net decrease in total general revenues and special items from prior year is the Agency's fiscal 2020 recognition of gain from the City of Coeur d'Alene's Atlas Mill Property in the amount of \$9,172,408.

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**City of Coeur d'Alene's Urban Renewal Agency**

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

**FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS**

**Governmental Funds**

The Agency completed fiscal year 2021 with a total governmental fund balance of \$5,697,830 which represents a \$164,549 increase from the ending governmental fund balance for fiscal year 2020 primarily due to the Agency's continued funding of the Atlas Mill Project within the Lake, River, and Atlas Districts and the realized proceeds from the disposition of some Phase 1 areas within the Project.

**Budgetary Highlights – Lake District**

Actual revenues within the Lake District were approximately \$345,000 lower than final budgeted amounts during the fiscal year. Total revenues realized were below budgeted amounts due primarily to final determination of taxing entity levy rates. Total actual expenditures were below budget by approximately \$475,000 due primarily to the timing of actual spending associated with the Atlas Waterfront park and development project.

**Budgetary Highlights – River District**

Actual revenues within the River District were approximately \$94,000 lower than final budgeted amounts during the fiscal year. Total revenues realized were below budgeted amounts due primarily to final determination of taxing entity levy rates. Actual expenditures were comparable to budget.

**Budgetary Highlights – Atlas District**

Actual revenues within the Atlas District were minimal and comparable with budgeted amounts for the fiscal year. Total actual expenditures were below budget by approximately \$380,000 due primarily to the timing of actual spending associated with the Atlas Waterfront park and development 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 2021, the Agency transferred \$52,423 of Lake District funds to the Commission; and transferred \$15,507 of River District funds to the Commission. No public art funds were transferred to the Commission from the Atlas District or Health Corridor District due to minimal funds generated.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets – Lake District**

In fiscal year 2021, the Agency:

- Divested the following Lake District real property asset: BNSF Railroad Right of Way Segment in Riverstone/Bellerive Area (sale price \$700,000)
- Acquired real property asset: 316 E. Sherman Avenue (sale price \$525,000)

At the end of fiscal year 2021, the Agency's Lake District strategic property portfolio consisted of seven properties.

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

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

Capital Assets – River District

The Agency's strategic property assets within the River District are located within the Atlas mill site project area. These properties will be divested over time utilizing Disposition and Development Agreements (DDA's). Two properties were divested via the DDA process in fiscal year 2021:

- Area 1 (50% of area located in River District): Developer – Bluegrass Development
- Area 6: Developer – Active West

Capital Assets – Atlas District

The Agency's strategic property assets within the Atlas District are located within the Atlas mill site project area. These properties will be divested over time utilizing Disposition and Development Agreements (DDA's). Two properties were divested via the DDA process in fiscal year 2021:

- Area 1 (50% of area located in Atlas District): Developer – Bluegrass Development
- Area 2: Developer – Bluegrass Development

Capital Assets – Health Corridor District

The Agency does not own any capital assets in the Health Corridor District.

Long-term Debt: Lake District

- Strategic Property Portfolio: Real property assets in the Lake District strategic property portfolio were financed conventionally through local lending institutions. At the end of fiscal year 2021, all conventional debt obligations have been retired.
- Improvement Reimbursement Agreements (IRAs): The Agency has entered IRAs with the principals of the 609 Sherman Avenue Lofts developments and Lake Apartments developments. Each IRA is financed through site-specific, tax increment fund revenues that will be generated by each respective project. The 609 Sherman Avenue Lofts IRA principal reimbursement total is \$404,993. The Lake Apartments IRA principal reimbursement total is \$95,918. 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. In fiscal year 2021, the Agency entered into a DDA with Bear Waterfront LLC re: public improvements, Centennial Trail re-alignment and construction of a mix-use building. There is no Agency reimbursement to the developer associated with this DDA. 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.

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**City of Coeur d'Alene's Urban Renewal Agency**

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Concluded)**

Long-term Debt: River District

- Strategic Property Portfolio: There is no debt associated with the real property assets located in the River District strategic property portfolio.
- 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 mixed-use development 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.

Long-term Debt: Atlas District

- Strategic Property Portfolio: There is no debt associated with the real property assets located in the Atlas District strategic property portfolio.

**ECONOMIC OUTLOOK AND FISCAL YEAR 2022 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. Homeowners, 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 2021, property values within the Agency's Districts increased reflecting a national trend. Private capital investment within the Districts continues to occur. During fiscal 2021, several projects were initiated within the Agency's districts signaling continued economic activity. Fiscal year 2022 will see additional construction projects initiated attesting to a strong regional real estate market.



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

**Management's Discussion & Analysis**  
**For the Year Ended September 30, 2021**

**ECONOMIC OUTLOOK AND FISCAL YEAR 2022 IMPACT (Concluded)**

Development for 2022 will occur in all four Agency districts: Lake, River, Atlas and Health Corridor. Development in the River District will be driven by the continued build-out of the Mill River mixed use development along the Spokane River, by the phased completion of the Riverstone West project (a continuation of the original Riverstone mixed-use development also along the Spokane River), and by development in the Atlas mill site project area. Development in the Lake District will involve new downtown commercial space, as well as new residential units. Anticipated development in the Atlas District involves both residential and commercial products in the Atlas mill site project area. Anticipated development in the Health Corridor District will involve primarily commercial product.

Property tax receipts in fiscal 2021 for the Lake, River, Atlas and Health Corridor Districts were consistent with projections. Projected fiscal 2022 property tax receipts for properties remaining post de-annexation for both the Lake and River Districts should be on par with those respective property receipts from fiscal 2021. Tax receipts for the Atlas and Health Corridor Districts will be determined by actual development occurring within those Districts. The Agency expects the property tax source of revenue for all 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 in fiscal 2021 were affected by the Covid-19 pandemic. The economy of Kootenai County was also impacted by the pandemic, however activity in the local real estate markets continued to be very positive. 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 2022 economic forecast for the northern Idaho region is cautiously optimistic given the continued impact of the pandemic. 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 unknowns associated with the short and long-term impacts of the pandemic, the Agency remains optimistic about the future growth and redevelopment opportunities within the Agency's districts. Wise planning and sound debt management, combined with effective public and 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  
105 N. 1<sup>st</sup> – Suite 100  
Coeur d'Alene, ID 83814  
208-292-1630  
[www.ignitecda.org](http://www.ignitecda.org)

## **Financial Section**

### **Basic Financial Statements**

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STATEMENT OF NET POSITION  
September 30, 2021

**ASSETS**

Cash and cash equivalents	\$ 6,240,081
Property taxes receivable	316,444
Developer escrow deposits	109,100
Land	1,602,858
Construction in progress	12,402,135
Capital assets, net of accumulated depreciation	199,262
Total assets	<u>20,869,880</u>

**LIABILITIES**

Accounts payable	323,796
Accrued payroll and taxes	4,014
Due to other governments	2,322
Developer deposits	331,500
Long-term liabilities	
Due within one year	2,992,194
Due in more than one year	57,000
Total liabilities	<u>3,710,826</u>

**NET POSITION**

Net investment in capital assets	14,204,255
Restricted to Lake District	(590,424)
Restricted to River District	3,724,375
Restricted to Atlas District	93,076
Restricted to Health Corridor District	(272,228)
Total net position	<u>\$ 17,159,054</u>

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, 2021

FUNCTIONS / PROGRAMS	Expenses	Charges for Services	Net Governmental Activities
<b>PRIMARY GOVERNMENT:</b>			
General government activities:			
Arts	\$ 70,022	\$ -	\$ (70,022)
Dues and subscriptions	8,787	-	(8,787)
Insurance	18,827	-	(18,827)
Miscellaneous	417	-	(417)
Office overhead	5,982	-	(5,982)
Partnership initiatives	31,250	-	(31,250)
Professional services	226,234	-	(226,234)
Project reimbursements	668,490	-	(668,490)
Public improvements	1,437,966	-	(1,437,966)
Travel and meetings	3,802	-	(3,802)
Wages, benefits, and payroll taxes	191,196	-	(191,196)
Total general government activities	<u>\$ 2,662,973</u>	<u>\$ -</u>	<u>\$ (2,662,973)</u>
Property rental activities:			
Rental income	-	1,400	1,400
Property management	8,967	-	(8,967)
Total property rental activities	<u>8,967</u>	<u>1,400</u>	<u>(7,567)</u>
Interest on long-term debt - general	<u>136,089</u>	<u>-</u>	<u>(136,089)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u><u>\$ 2,808,029</u></u>	<u><u>\$ 1,400</u></u>	<u><u>\$ (2,806,629)</u></u>
<b>GENERAL REVENUES:</b>			
Tax increment revenue			7,000,570
Penalties and interest on past due property taxes			32,426
Interest earnings			5,751
Miscellaneous income			28,892
<b>SPECIAL ITEMS:</b>			
Gain from transfer of City-owned land			268,885
Gain from disposition of assets			<u>2,162,369</u>
Total general revenues and special items			<u>9,498,893</u>
<b>CHANGE IN NET POSITION</b>			6,692,264
<b>NET POSITION, beginning of year</b>			<u>10,466,790</u>
<b>NET POSITION, end of year</b>			<u><u>\$ 17,159,054</u></u>

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

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GOVERNMENTAL FUNDS  
BALANCE SHEET  
September 30, 2021

	Lake District	River District	Atlas District	Health Corridor District	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,369,402	\$ 1,848,851	\$ 1,787,384	\$ 234,444	\$ 6,240,081
Property taxes receivable	215,895	98,576	-	1,973	316,444
Developer escrow deposits	35,000	11,600	62,500	-	109,100
Due from other Districts	-	2,034,811	-	-	2,034,811
Total assets	<u>\$ 2,620,297</u>	<u>\$ 3,993,838</u>	<u>\$ 1,849,884</u>	<u>\$ 236,417</u>	<u>\$ 8,700,436</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 214,351	\$ 28,342	\$ 81,103	\$ -	\$ 323,796
Accrued payroll and taxes	4,014	-	-	-	4,014
Due to other governments	162	21	285	1,854	2,322
Due to other Districts	-	-	1,528,020	506,791	2,034,811
Developer deposits	-	184,100	147,400	-	331,500
Total liabilities	<u>218,527</u>	<u>212,463</u>	<u>1,756,808</u>	<u>508,645</u>	<u>2,696,443</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue- property taxes	206,941	97,249	-	1,973	306,163
Total deferred inflows of resources	<u>206,941</u>	<u>97,249</u>	<u>-</u>	<u>1,973</u>	<u>306,163</u>
<b>FUND BALANCES</b>					
Restricted	2,194,829	3,684,126	93,076	(274,201)	5,697,830
Total fund balances	<u>2,194,829</u>	<u>3,684,126</u>	<u>93,076</u>	<u>(274,201)</u>	<u>5,697,830</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,620,297</u>	<u>\$ 3,993,838</u>	<u>\$ 1,849,884</u>	<u>\$ 236,417</u>	<u>\$ 8,700,436</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
September 30, 2021**

Total fund balances - Governmental Funds, September 30, 2021	\$ 5,697,830
Cost of land and construction in progress	14,004,993
Cost of capital assets at September 30, 2021	209,750
Less: Accumulated depreciation, September 30, 2021	(10,488)
Elimination of unavailable revenue- property taxes	306,163
Long-term debt balance - September 30, 2021	<u>(3,049,194)</u>
Net position, September 30, 2021	<u><u>\$ 17,159,054</u></u>

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, 2021**

	Lake District	River District	Atlas District	Health Corridor District	Total Governmental Funds
<b>REVENUES</b>					
Tax increment revenue	\$ 5,212,347	\$ 1,523,284	\$ 23,807	\$ 185,310	\$ 6,944,748
Rental income	1,400	-	-	-	1,400
Miscellaneous income	28,829	-	63	-	28,892
Penalties and interest on past due property taxes	22,832	9,452	-	142	32,426
Interest earnings	3,385	1,207	1,159	-	5,751
Total revenues	<u>5,268,793</u>	<u>1,533,943</u>	<u>25,029</u>	<u>185,452</u>	<u>7,013,217</u>
<b>EXPENDITURES</b>					
Current:					
Arts	52,423	15,507	238	1,854	70,022
Dues and subscriptions	4,394	3,515	439	439	8,787
Insurance	5,605	10,603	1,325	1,294	18,827
Miscellaneous	-	331	86	-	417
Office overhead	2,878	2,302	287	515	5,982
Partnership initiatives	18,750	10,000	1,250	1,250	31,250
Professional services	51,411	85,788	6,005	83,030	226,234
Project reimbursements	76,092	592,398	-	-	668,490
Property management	8,967	-	-	-	8,967
Public improvements	1,437,966	-	-	-	1,437,966
Travel and meetings	1,900	1,521	190	191	3,802
Wages, benefits and payroll taxes	85,568	84,476	10,560	10,592	191,196
Debt service:					
Interest	134,182	1,907	-	-	136,089
Principal payments	4,812,046	-	-	-	4,812,046
Capital outlay:					
General government	599,395	1,518,762	1,840,281	-	3,958,438
Total expenditures	<u>7,291,577</u>	<u>2,327,110</u>	<u>1,860,661</u>	<u>99,165</u>	<u>11,578,513</u>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES</b>	<u>(2,022,784)</u>	<u>(793,167)</u>	<u>(1,835,632)</u>	<u>86,287</u>	<u>(4,565,296)</u>
<b>OTHER FINANCING SOURCES</b>					
Proceeds from disposition of assets	696,928	1,691,198	2,341,719	-	4,729,845
Total other financing sources	<u>696,928</u>	<u>1,691,198</u>	<u>2,341,719</u>	<u>-</u>	<u>4,729,845</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,325,856)	898,031	506,087	86,287	164,549
<b>FUND BALANCES, beginning of year</b>	<u>3,520,685</u>	<u>2,786,095</u>	<u>(413,011)</u>	<u>(360,488)</u>	<u>5,533,281</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 2,194,829</u>	<u>\$ 3,684,126</u>	<u>\$ 93,076</u>	<u>\$ (274,201)</u>	<u>\$ 5,697,830</u>

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

**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, 2021**

Total net changes in fund balances for the year ended September 30, 2021	\$ 164,549
Add: Long-term debt payments considered as an expenditure	4,812,046
Add: Capital expenditures	3,958,438
Less: Proceeds from disposition of assets	(4,729,845)
Add: Gain from disposition of assets	2,162,369
Add: Gain from transfer of City-owned land	268,885
Add: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	<u>55,822</u>
Change in net position for the year ended September 30, 2021	<u><u>\$ 6,692,264</u></u>

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



## ignite cda

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2021

#### 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. 61. 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. 61 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 four governmental funds, all of which are special revenue funds.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2021

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.
- *Atlas District* – This fund is used to account for all financial resources of the Atlas District. The Atlas District is a separate and legally distinct district under the umbrella of the Agency. This district will expire on December 31, 2038, and the net assets will be distributed according to current Idaho Statute.
- *Health Corridor District* – This fund is used to account for all financial resources of the Health Corridor District. The Health Corridor District is a separate and legally distinct district under the umbrella of the Agency. This district will expire on December 31, 2039, 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.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**C. Basis of Presentation (Concluded)**

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.

**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 measurable and available at fiscal year-end: property taxes available in advance, interest, grants, and rentals.

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NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**D. Basis of Accounting (Concluded)**

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 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**

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.

**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:

	<u>Estimated Lives</u>
Buildings and sites	40 years

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**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.

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## NOTES TO THE FINANCIAL STATEMENTS September 30, 2021

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

#### H. Fund Balance Classifications (Concluded)

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.

#### 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

**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 2020 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.

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 tax increment 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**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 budgets, and each of the Agency's district budgets were amended during the fiscal year ending September 30, 2021.

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 \$6,240,081 and the bank balance is \$5,549,776. At September 30, 2021, 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:     \$5,549,776



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**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 4: CAPITAL ASSETS**

Following is a recap of capital assets for the fiscal year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,303,264	\$ 794,765	\$ 495,171	\$ 1,602,858
Construction in progress	11,041,885	3,432,555	2,072,305	12,402,135
Total capital assets, not being depreciated	<u>12,345,149</u>	<u>4,227,320</u>	<u>2,567,476</u>	<u>14,004,993</u>
Capital assets, being depreciated:				
Buildings and sites	209,750	-	-	209,750
Total capital assets being depreciated	<u>209,750</u>	<u>-</u>	<u>-</u>	<u>209,750</u>
Less accumulated depreciation:				
Buildings and sites	10,488	-	-	10,488
Total accumulated depreciation	<u>10,488</u>	<u>-</u>	<u>-</u>	<u>10,488</u>
Total capital assets, being depreciated, net	<u>199,262</u>	<u>-</u>	<u>-</u>	<u>199,262</u>
Governmental activities capital assets, net	<u>\$ 12,544,411</u>	<u>\$ 4,227,320</u>	<u>\$ 2,567,476</u>	<u>\$ 14,204,255</u>

**NOTE 5: LONG-TERM DEBT**

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 was used on various Lake District Redevelopment Projects over the years. Maturity was set for August 1, 2021 and the interest rate was set at 3.26% per annum for the first five years. The Agency refunded the note in November of 2016, resulting in a principal of \$8,763,375 with a 1.25% interest rate and a term ending in 2021. The Agency made its final scheduled payment of principal and interest in the amount of \$1,819,851 during the fiscal year ended September 30, 2021, satisfying the obligation in full.

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 may borrow up to \$10,000,000. This financing was 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. The loan matures in August of 2022. Interest rate is set at 2.2% per annum.

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**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2021**

**NOTE 5: LONG-TERM DEBT (Concluded)**

Bond Payable – Washington Trust (2017 Series)

:

Payments on the Note are due in semi-annual installments based on the aggregate principal amount drawn, plus accrued interest, pursuant to an amortization schedule. The Bond is secured by the District's pledge of the tax increment revenue allocation proceeds of the Lake District, subject to prior liens as described in the Note Purchase and Security Agreement. As of September 30, 2021, the outstanding principal balance was \$2,992,194.

As of September 30, 2021, the annual requirements to retire the outstanding balance are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	1.25%	2,992,194	50,194	3,042,388
		<u>\$ 2,992,194</u>	<u>\$ 50,194</u>	<u>\$ 3,042,388</u>

Bond Payable – Washington Trust (2019 Series):

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

Payments on the Note are due in semi-annual installments based on the aggregate principal amount drawn, plus accrued interest, pursuant to an amortization schedule. The first amortized payment is payable on the first February or August 1 following draws totaling \$1,000,000. As of September 30, 2021, the District has drawn a total of \$57,000 on the Note. Accordingly, a schedule of future payments for the Note has not been presented, as the amounts and timing of the District's remaining draws are still unknown. The Bond is secured by the River District's pledge of the tax increment revenue allocation proceeds, subject to prior liens as described in the Note Purchase and Security Agreement.

The following is a summary of all debt activity for the fiscal year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Principal Additions</u>	<u>Principal Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Bond Payable - WA Trust 2017	\$ 5,984,389	\$ -	\$ (2,992,195)	\$ 2,992,194	\$ 2,992,194
Bond Payable - WA Trust 2016	1,819,851	-	(1,819,851)	-	-
Bond Payable - WA Trust 2019	57,000	-	-	57,000	-
	<u>\$ 7,861,240</u>	<u>\$ -</u>	<u>\$ (4,812,046)</u>	<u>\$ 3,049,194</u>	<u>\$ 2,992,194</u>

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### NOTES TO THE FINANCIAL STATEMENTS September 30, 2021

#### 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. In 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 Phase I. Payments will continue until paid in full or by August 1, 2028. The total interest on the note cannot exceed \$2,000,000. The current outstanding balance is \$4,758,242.

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 August 1, 2022. The current outstanding balance is \$265,667.

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 August 1, 2022. The total interest on the note cannot exceed \$121,498. The current outstanding balance is \$237,200.

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 August 1, 2028. The total interest on the note cannot exceed \$97,800. The current outstanding balance is \$325,919.

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 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 August 1, 2028. 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 August 1, 2028. The total interest on the note cannot exceed \$246,917. The current outstanding balance is \$333,884.

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NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2021

**NOTE 6: COMMITMENTS AND CONTINGENCIES (Continued)**

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 August 1, 2028. The total interest on the note cannot exceed \$103,383. The current outstanding balance is \$250,173.

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 August 1, 2028. The total interest on the note cannot exceed \$84,000. The current outstanding balance is \$271,219.

In fiscal year 2021, the Agency's entered into an Improvement Reimbursement Agreement ("IRA") with CDA Partners Mullan LLC, in the amount of \$95,918 for the Lake Apartments development project. The IRA is financed through site-specific, tax increment fund revenues that will be generated by the project. Payments are due semi-annually at 0% interest. The current outstanding balance is \$52,172.

In fiscal year 2020, the Agency agreed to partner with the City of Coeur d'Alene on the City project to extend LaCrosse Avenue into the Riverstone/Bellerive areas (Lake District). The Agency's total financial contribution to the project is \$1.8 million. As of September 30, 2021, the Agency's remaining funding commitment to complete the project in fiscal 2022 is approximately \$1.2 million.

In fiscal year 2021, the Agency agreed to partner with the City of Coeur d'Alene and the Museum of North Idaho (MNI) to fund \$700,000 of site improvements on City-owned property where the new MNI building is being developed. The funded site improvements will be completed by September 30, 2022.

In fiscal year 2021, the Agency agreed to partner with the City of Coeur d'Alene to fund the following project initiatives located in the Lake District. These project initiatives will be completed by September 30, 2022:

McEuen Park: Shade Element in West Pavillion Area or Playground Area	\$ 100,000
Fire Department Boat House at 3rd Street	\$ 225,000
Seltice Way Conduit to Run Fiber to Atlas Park	\$ 35,000
McEuen Park: Sidewalk Repairs	\$ 100,000
Coeur d'Alene Library: Stairs Improvements	\$ 50,000
McEuen Park: Harbor House Overlook Deck Replacement	\$ 30,000
McEuen Park: Grant Plaza Tree Wells & Irrigation	\$ 25,000

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### NOTES TO THE FINANCIAL STATEMENTS September 30, 2021

#### NOTE 6: COMMITMENTS AND CONTINGENCIES (Concluded)

In June of 2020, the City of Coeur d'Alene and the Agency entered into an Agreement for Transfer of Property, whereby the City transferred by Warranty Deed approximately 45.48 acres of City-owned land (collectively known as the "Atlas Mill Property") to the Agency with the desire that the Agency facilitate the development of the Atlas Mill Property pursuant to the applicable urban renewal plan. The City's acquisition costs for the Atlas Mill Property were the aggregate amount of \$9,172,408. The Agency intends to reimburse the City for the City's acquisition costs for the Property to the extent that the Agency's board determines its revenues from development of the property exceed the Agency's costs of development in each of its appropriate urban renewal districts. It is the Agency's position that the Agency's stated intent to reimburse the City is not a legally enforceable obligation and does not rise to the level of a liability as defined under Governmental Accounting Standards. Accordingly, the Agency recognized a gain on the land transfer in the amount of \$9,172,408 in its fiscal 2020 financial statements. The disposition of various areas within the Atlas Mill Project has only just begun in fiscal 2021, with the closing of Areas 1, 2, and 6. The timing of future dispositions of remaining areas, as well as the sale amounts and total costs remain unknown and are continually evolving as the project moves forward. Additionally, the timing and amount of any reimbursements back to the City are ultimately at the discretion of the Agency's board. Accordingly, the timing and amount of any future reimbursements to the City cannot be determined at this time.

#### NOTE 7: PUBLIC IMPROVEMENTS

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

Lake District:

- Atlas Waterfront Park - \$824,288
- Lacrosse Roadway Extension - \$612,971
- Other - \$707

#### 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.

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### NOTES TO THE FINANCIAL STATEMENTS September 30, 2021

#### NOTE 9: SPECIAL ITEMS

During fiscal year ending September 30, 2021, the Agency had the following transactions which qualify and are presented as a special item in the accompanying statement of activities:

##### Gain from disposition of assets:

During fiscal 2021, the Agency realized a gain from the disposition of the following assets:

- BNSF Railroad Right of Way – The Agency’s Lake District received net proceeds in the amount of \$696,928, resulting in a gain of \$201,757.
- Atlas Mill Site Development Area 1 – Approximately 50% of Area 1 lies within the Atlas District and 50% in the River District. The Agency’s Atlas District and River District received net proceeds from escrow closing in the amounts of \$811,922 and \$808,078, respectively, resulting in a gain of \$503,890 and \$389,198 in the Atlas District and River District, respectively.
- Atlas Mill Site Development Area 2 – The Agency’s Atlas District received net proceeds in the amount of \$1,302,313, resulting in a gain from disposition of \$901,872.
- Atlas Mill Site Development Area 6 – The Agency’s River District received net proceeds from escrow in the amount of \$785,522, resulting in a gain from disposition of \$165,652.

##### Gain from Transfer of City-owned Land:

During fiscal 2021, the City of Coeur d’Alene transferred a parcel of land within the Atlas District known as the “Triangle Parcel” to the Agency. The City’s cost basis in the parcel was \$268,885. In accordance with generally accepted accounting principles (GAAP), as applied to local governments, transfers of assets between a primary government (City) and its component unit (Agency), are to be reflected at historical cost, not at fair market value. Accordingly, the Agency has recognized a gain upon transfer of the parcel in the amount of \$268,885 in the accompanying statement of activities.

#### NOTE 10: SHERMAN SQUARE PARK ACQUISITION

In fiscal 2021, the Agency partnered with the Rotary Club of Coeur d’Alene to purchase the small pocket park located downtown at 316 E. Sherman Avenue, which lies within the Lake District. The purchase price of the property was \$525,000 with the Agency contributing \$500,000 and the Rotary Club contributing \$25,000. The Rotary Club will make improvements to the property in conjunction with the Agency, and the Agency will gift the property to the City of Coeur d’Alene in 2022 for use as a long-term public space known as the Coeur d’Alene Rotary Centennial Park.

#### NOTE 11: FUND BALANCE / NET ASSET CLASSIFICATIONS

The Agency operates four separately legally distinct funds – the Lake District, the River District, the Atlas District and the Health Corridor 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**

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**LAKE DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2021**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	(1) Adjustments to Actual Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget
<b>REVENUES</b>						
Tax increment revenue	\$ 5,610,610	\$ 5,610,610	\$ 5,212,347	\$ 7,121	\$ 5,219,468	\$ (391,142)
Rental income	2,100	2,100	1,400	-	1,400	(700)
Miscellaneous income	-	-	28,829	-	28,829	28,829
Penalties and interest on past due property taxes	-	-	22,832	-	22,832	22,832
Interest earnings	8,400	8,400	3,385	-	3,385	(5,015)
Total revenues	<u>5,621,110</u>	<u>5,621,110</u>	<u>5,268,793</u>	<u>7,121</u>	<u>5,275,914</u>	<u>(345,196)</u>
<b>EXPENDITURES</b>						
Current:						
Art	56,106	56,106	52,423	(19)	52,404	(3,702)
Communications	500	500	-	-	-	(500)
Dues and subscriptions	5,363	5,363	4,394	-	4,394	(969)
Insurance	3,524	3,524	5,605	-	5,605	2,081
Miscellaneous	500	500	-	-	-	(500)
Office overhead	5,825	5,825	2,878	-	2,878	(2,947)
Partnership initiatives	31,250	31,250	18,750	-	18,750	(12,500)
Professional services	165,600	65,600	51,411	-	51,411	(14,189)
Project reimbursements	34,966	78,712	76,092	-	76,092	(2,620)
Property management	10,865	10,865	8,967	-	8,967	(1,898)
Public improvements	3,842,946	2,135,487	1,437,966	185,082	1,623,048	(512,439)
Travel and meetings	4,000	4,000	1,900	-	1,900	(2,100)
Wages, benefits and payroll taxes	106,516	106,516	85,568	-	85,568	(20,948)
Debt service:						
Interest	125,449	134,738	134,182	-	134,182	(556)
Principal payments	4,583,696	4,812,046	4,812,046	-	4,812,046	-
Capital outlay:						
General government	-	500,879	599,395	-	599,395	98,516
Special project reserve	250,000	-	-	-	-	-
Total expenditures	<u>9,227,106</u>	<u>7,951,911</u>	<u>7,291,577</u>	<u>185,063</u>	<u>7,476,640</u>	<u>(475,271)</u>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES</b>						
<b>BEFORE OTHER FINANCING SOURCES</b>	(3,605,996)	(2,330,801)	(2,022,784)	(177,942)	(2,200,726)	130,075
<b>OTHER FINANCING SOURCES</b>						
Proceeds from disposition of assets	1,487,500	700,000	696,928	-	696,928	(3,072)
Proceeds from debt financing	623,750	623,750	-	-	-	(623,750)
Total other financing sources	<u>2,111,250</u>	<u>1,323,750</u>	<u>696,928</u>	<u>-</u>	<u>696,928</u>	<u>(626,822)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,494,746)	(1,007,051)	(1,325,856)	(177,942)	(1,503,798)	(496,747)
<b>FUND BALANCE, beginning of year</b>	3,520,685	3,520,685	3,520,685	-	3,520,685	-
<b>FUND BALANCE, end of year</b>	<u>\$ 2,025,939</u>	<u>\$ 2,513,634</u>	<u>\$ 2,194,829</u>	<u>\$ (177,942)</u>	<u>\$ 2,016,887</u>	<u>\$ (496,747)</u>

## (1) EXPLANATION OF ADJUSTMENTS TO ACTUAL AMOUNTS

	To convert to budgetary basis (cash basis)	To reclass to original budget category	Total
<b>REVENUES</b>			
Property taxes	\$ 7,121	\$ -	\$ 7,121
Total revenue adjustments	<u>7,121</u>	<u>-</u>	<u>7,121</u>
<b>EXPENDITURES</b>			
Arts	(19)	-	(19)
Public improvements	185,082	-	185,082
Total expenditures adjustments	<u>185,063</u>	<u>-</u>	<u>185,063</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(177,942)</u>	<u>-</u>	<u>(177,942)</u>

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



**RIVER DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2021**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	(1) Adjustments to Actual Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget
<b>REVENUES</b>						
Tax increment revenue	\$ 1,645,410	\$ 1,645,410	\$ 1,523,284	\$ 17,935	\$ 1,541,219	\$ (104,191)
Penalties and interest on past due property taxes	-	-	9,452	-	9,452	9,452
Interest earnings	10,530	-	1,207	-	1,207	1,207
Total revenues	<u>1,655,940</u>	<u>1,645,410</u>	<u>1,533,943</u>	<u>17,935</u>	<u>1,551,878</u>	<u>(93,532)</u>
<b>EXPENDITURES</b>						
Current:						
Art	16,454	16,454	15,507	(21)	15,486	(968)
Communications	400	400	-	-	-	(400)
Dues and subscriptions	4,290	4,290	3,515	-	3,515	(775)
Insurance	2,820	2,820	10,603	-	10,603	7,783
Miscellaneous	1,400	1,400	331	-	331	(1,069)
Office overhead	4,181	4,181	2,302	-	2,302	(1,879)
Partnership initiative	-	-	10,000	-	10,000	10,000
Professional services	92,320	200,000	85,788	15,603	101,391	(98,609)
Project reimbursements	649,139	649,139	592,398	-	592,398	(56,741)
Travel and meetings	3,200	3,200	1,521	-	1,521	(1,679)
Wages, benefits and payroll taxes	85,213	85,213	84,476	-	84,476	(737)
Debt service:						
Interest	2,000	2,000	1,907	-	1,907	(93)
Principal payments	-	-	-	-	-	-
Capital outlay:						
General government	2,853,740	1,413,342	1,518,762	67,462	1,586,224	172,882
Special project reserve	350,000	150,000	-	-	-	(150,000)
Total expenditures	<u>4,065,157</u>	<u>2,532,439</u>	<u>2,327,110</u>	<u>83,044</u>	<u>2,410,154</u>	<u>(122,285)</u>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER</b>						
<b>EXPENSES BEFORE OTHER FINANCING SOURCES</b>	<u>(2,409,217)</u>	<u>(887,029)</u>	<u>(793,167)</u>	<u>(65,109)</u>	<u>(858,276)</u>	<u>28,753</u>
<b>OTHER FINANCING SOURCES</b>						
Proceeds from disposition of assets	4,204,914	1,593,600	1,691,198	-	1,691,198	97,598
Total other financing sources	<u>4,204,914</u>	<u>1,593,600</u>	<u>1,691,198</u>	<u>-</u>	<u>1,691,198</u>	<u>97,598</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,795,697	706,571	898,031	(65,109)	832,922	126,351
<b>FUND BALANCE, beginning of year</b>	<u>2,786,095</u>	<u>2,786,095</u>	<u>2,786,095</u>	<u>-</u>	<u>2,786,095</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 4,581,792</u>	<u>\$ 3,492,666</u>	<u>\$ 3,684,126</u>	<u>\$ (65,109)</u>	<u>\$ 3,619,017</u>	<u>\$ 126,351</u>

**(1) EXPLANATION OF ADJUSTMENTS TO ACTUAL AMOUNTS**

	To convert to budgetary basis (cash basis)	To reclass to original budget category	Total
<b>REVENUES</b>			
Property taxes	\$ 17,935	\$ -	\$ 17,935
Total revenue adjustments	<u>17,935</u>	<u>-</u>	<u>17,935</u>
<b>EXPENDITURES</b>			
Arts	(21)	-	(21)
Professional services	15,603	-	15,603
Capital outlay	67,462	-	67,462
Total expenditures adjustments	<u>83,044</u>	<u>-</u>	<u>83,044</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(65,109)</u>	<u>-</u>	<u>(65,109)</u>

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

ignite cda

ATLAS DISTRICT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 For the Year Ended September 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	(1) Adjustments to Actual Amounts	Actual Amounts Budgetary Basis	Variance With Final Budget
<b>REVENUES</b>						
Tax increment revenue	\$ 18,206	\$ 18,206	\$ 23,807	\$ -	\$ 23,807	\$ 5,601
Miscellaneous income	-	-	63	-	63	63
Interest earnings	500	500	1,159	-	1,159	659
Total revenues	18,706	18,706	25,029	-	25,029	6,323
<b>EXPENDITURES</b>						
Current:						
Art	182	182	238	(238)	-	(182)
Dues and subscriptions	536	536	439	-	439	(97)
Insurance	353	353	1,325	-	1,325	972
Miscellaneous	2,100	2,100	86	-	86	(2,014)
Office overhead	523	523	287	-	287	(236)
Partnership initiative	-	-	1,250	-	1,250	1,250
Professional services	16,540	8,000	6,005	-	6,005	(1,995)
Travel and meetings	400	400	190	-	190	(210)
Wages, benefits and payroll taxes	10,652	10,652	10,560	-	10,560	(92)
Debt service:						
Interest	1,250	1,250	-	-	-	(1,250)
Capital outlay:						
General government	3,084,000	2,165,600	1,840,281	(51,053)	1,789,228	(376,372)
Special project reserve	200,000	-	-	-	-	-
Total expenditures	3,316,536	2,189,596	1,860,661	(51,291)	1,809,370	(380,226)
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER FINANCING SOURCES</b>						
	(3,297,830)	(2,170,890)	(1,835,632)	51,291	(1,784,341)	386,549
<b>OTHER FINANCING SOURCES</b>						
Proceeds from disposition of assets	3,332,500	2,114,235	2,341,719	-	2,341,719	227,484
Total other financing sources	3,332,500	2,114,235	2,341,719	-	2,341,719	227,484
<b>NET CHANGE IN FUND BALANCES</b>	34,670	(56,655)	506,087	51,291	557,378	614,033
<b>FUND BALANCE, beginning of year</b>	(413,011)	(413,011)	(413,011)	-	(413,011)	-
<b>FUND BALANCE, end of year</b>	\$ (378,341)	\$ (469,666)	\$ 93,076	\$ 51,291	\$ 144,367	\$ 614,033

(1) EXPLANATION OF ADJUSTMENTS TO ACTUAL AMOUNTS

	To convert to budgetary basis (cash basis)	To reclass to original budget category	Total
<b>EXPENDITURES</b>			
Arts	(238)	-	(238)
Capital outlay	(51,053)	-	(51,053)
Total expenditures adjustments	(51,291)	-	(51,291)
<b>NET CHANGE IN FUND BALANCES</b>	51,291	-	51,291

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

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**HEALTH CORRIDOR DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2021**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
<b>REVENUES</b>				
Tax increment revenue	\$ 213,923	\$ 213,923	\$ 185,310	\$ (28,613)
Penalties and interest on past due property taxes	-	-	142	142
Interest earnings	500	500	-	(500)
Total revenues	<u>214,423</u>	<u>214,423</u>	<u>185,452</u>	<u>(28,971)</u>
<b>EXPENDITURES</b>				
Current:				
Art	2,139	2,139	1,854	(285)
Dues and subscriptions	536	536	439	(97)
Insurance	353	353	1,294	941
Miscellaneous	100	100	-	(100)
Office overhead	623	623	515	(108)
Partnership initiative	-	-	1,250	1,250
Professional services	156,540	6,540	83,030	76,490
Travel and meetings	400	400	191	(209)
Wages, benefits and payroll taxes	10,652	10,652	10,592	(60)
Total expenditures	<u>171,343</u>	<u>21,343</u>	<u>99,165</u>	<u>77,822</u>
<b>NET CHANGE IN FUND BALANCES</b>	43,080	193,080	86,287	(106,793)
<b>FUND BALANCE, beginning of year</b>	<u>(360,488)</u>	<u>(360,488)</u>	<u>(360,488)</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>\$ (317,408)</u>	<u>\$ (167,408)</u>	<u>\$ (274,201)</u>	<u>\$ (106,793)</u>

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of ignite cda, as of and for the year ended September 30, 2021, 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 19, 2022.

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

***Compliance and Other Matters***

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

**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 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.

*Scott P. Hoover, CPA*

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

January 19, 2022