



Technical Memorandum

TO: Coolin Sewer District – Jake Copeland, Board President
FROM: Keller Associates, Inc. – Kyle Meschko, PE and Zack Wallin, PE
DATE: March 15, 2024
SUBJECT: Coolin Sewer District – Wastewater User Rate Study

1.0 INTRODUCTION

Coolin Sewer District (CSD) contracted with Keller Associates, Inc. to evaluate wastewater user rates and make recommendations that would help guide CSD's financial budgeting for operations, maintenance, and short-lived asset replacement needs. Outstanding capital improvement projects (CIP) identified in the ongoing Wastewater System Facility Plan were not included in this study, and connection fees were not evaluated in this study.

Background

CSD owns and operates a wastewater collection, treatment and disposal facility near Coolin Idaho. The wastewater system includes a low pressure sewer system (septic tank effluent pumps and grinder pumps feeding pressurized sewer mains), two major lift stations, two treatment/storage lagoons, a control/operator building and land application disposal. The wastewater system serves mostly residential and vacation rentals with several commercial users.

The wastewater treatment facility and lift stations are approaching 20 years of operation (constructed in 2007), and collection system pipe age for much of the collection system has exceeded 50 years (constructed in 1972). In general, wastewater treatment components have an expected useful life of 20 years, and collection piping has an expected useful life of 50 years (for planning purposes). It is not uncommon for treatment and collection components to function beyond the expected useful design life, though it is recommended to plan to replace components proactively to avoid emergency projects and maintenance challenges.

Wastewater user rates are used to generate funds necessary to operate the district's facilities. These funds are used to pay for operations, maintenance, and short-lived assets. CSD's billing system is based on a per ER (equivalent residential unit) basis. ERs are defined (per CSD Resolution 06-1) as the basic unit of measurement utilized by the District to establish relative wastewater disposal requirements of various property uses, with one (1) ER being defined as one (1) typical single family residence. As of the beginning of 2024, CSD provided wastewater services to 633 ERs. Tables 1 and 2 show the number of connections/ERs and the historical billing rates, respectively.



TABLE 1: 2024 CSD CONNECTION VERSUS ERS SUMMARY¹

	Number of Connections
Total Connections¹	543
Total ERs	633

¹Connections as of February 2024

TABLE 2: HISTORICAL AND EXISTING RATES

Year	Monthly Cost (\$/ERU/month)	Quarterly Cost (\$/ERU/Quarter)
Prior to 2023	\$41.67	\$125
2023	\$75	\$225

CSD’s rates generally appear to be comparable to similar sized sewer utilities and municipalities. Southside Water and Sewer District, a similar sized rural gravity sewer system with many pump stations, treatment/storage lagoons and land application, currently charges \$71.85/ER per month. Kootenai County Water and Sewer Charges \$79.51 per ERU per month. However, care should be used when making comparisons. Wastewater utilities often have differing types of connections (residential vs commercial vs industrial), different strategies for funding improvements (proactive vs reactive, smaller annual projects vs occasional larger projects, etc), different age of components (newer systems typically require less maintenance/replacements), and more (type of treatment, etc). Densely developed urban systems typically have higher densities of ERs, which decreases cost per ER, especially compared to rural systems with lower ER connection densities. Low pressure sewer systems, where the utility owner manages septic tanks and individual pumps tend to be more expensive to operate than gravity systems with few pump stations.

In 2023, CSD increased user rates to the current billing rate at the recommendation of a rate study completed by another consultant. However, CSD was concerned that the rates were still not reflecting a comprehensive replacement budget. As a result, CSD chose to engage in another study.

2.0 FINANCIAL SUMMARY

CSD provided budget reports for the years of 2018, 2019, 2021, 2022 and 2023. CSD did not provide 2020 information as it was reportedly not representative of normal circumstances due to the Covid-19 pandemic. The budget and report itemized revenues and expenditures into categories such as service revenue, administrative expenses, utilities. With CSD’s input, these were broken down into operational maintenance costs, debt and capital expenses. Tables 3 and 4 below summarize the 2022-2023 fiscal year budget. More detailed financial information for 2023 and previous budgets are provided in Attachment A.



TABLE 3: 2023 ACTUAL EXPENSES

Expense Category	2023 Actuals ¹
Idaho Department of Lands Lease (treatment/reuse site)	\$ 16,953
Capital Expenses	\$ 17,339
Insurance	\$ 8,676
Professional Fees	\$ 31,412
Engineering ²	\$ 78,567
Maintenance and Repair	\$ 135,036
Payroll	\$ 115,052
Other items	\$ 45,000
Total Wastewater System Expenses	\$ 448,673

¹ 11 months of actuals were provided. Value shown projects final month actual expenses

² Includes wastewater facility planning effort, which is not an annual occurrence.

TABLE 4: 2023 ACTUAL REVENUE

Revenue Source	2023 Actuals ¹
Service Revenue	\$ 547,271
Hookup fees	\$ 10,000
Late Fees, Grant & Misc. Income	\$ 136,045
Total Operating Wastewater Revenue (rounded)	\$ 693,316

¹ No connection fee income was included in CSD's 2023 Budget. The displayed number shows actual connection fee revenue.

A budget surplus of approximately \$244,643 (234,643 if hookup fees are not factored in) is anticipated based on the above expense and operating wastewater revenue budget. On the surface, it appears that the system's budget covering the expenses while enabling savings for repairs and unexpected costs. However, less than \$20,000 was spent on replacing major components, and as CSD's infrastructure ages, additional replacement projects are anticipated to keep the system operational.

In comparing FY 22-23 with reports and budget information from 2018 to 2022, it appears that the 2023 rate increase enabled a greater budget surplus, compared to prior years including a deficit in 2018.

Wastewater System Short-Lived Asset and Long-Term Asset Replacements

To operate and maintain the wastewater system there is varying equipment and infrastructure that needs to be budgeted for replacement that traditionally has less than 20 years of replacement. These items are referred to as short-lived assets. Components with a longer expected design life are referred to as long-term replacement assets. Wastewater system short-lived assets include pumps, treatment components (aeration, disinfection, lining), air/vacuum valves, control panels, etc. Wastewater long term assets include pipelines, structures, sprinkler heads, etc. Sometimes short-lived assets are able to function for longer than 20 years, and sometimes long-term replacement assets fail in less than 20 years. These labels are industry standard assumptions meant to aid planning based on typical component lifespans.

To develop recommended replacement budgets, planning level costs were developed for each long- and short-term asset that should be replaced. The planning level cost were then divided by the estimated useful life of the asset to calculate an assets annual replacement budget. A summary of the short-lived assets, long term assets and their respective annual replacement budgets are presented in Table 5. More detailed information and a breakdown of the short-lived asset and long-term asset replacements is provided in



Attachment B. Note that these costs do not include contingencies, engineering, permitting or legal costs, and the costs presented are in 2023 dollars.

TABLE 5: ANNUAL WASTEWATER SYSTEM REPLACEMENT BUDGET

Replacement Summary (2023 Dollars)	
Item	Annual Costs
Short-Lived Asset Replacements	\$ 283,000
Long-Term Assets (100% funded)	\$ 641,000
Total Annual Replacement Budget	\$ 924,000

If CSD proceeds to fund all replacement projects, the 2023 total annual replacement budget is expected to be over \$900,000 annually. Some communities choose to partially fund long term asset replacements, and slowly increase the percentage of long-term assets funded over time. CSD expressed initial interest in planning for 10% long term asset replacements annually, which would reduce the total annual amount funded to less than \$350,000. Ultimately CSD is fiscally responsible for replacement of infrastructure as required and electing to not fund long-term assets is expected to result in significant financial hurdles in the future.

Local Improvement District Funding Considerations

Typically, it is recommended that utilities do not factor in Local Improvement District (LID) expenditures/revenues in the development of an annual budget, as this income is transferred back to DEQ, and is not usable District income. Recently, CSD has experienced an LID budget shortfall due to customers pre-paying early to save on interest payments. In result, CSD noted that an additional \$15,000 of the District’s budget needs to be added to the budget to account for the shortfall.

Capital Improvement Projects

A substantial amount of capital improvement projects were identified in the 2023 wastewater system facility plan. A summary of the wastewater capital improvements are presented in Table 6 and it should be noted this was not utilized in this rate study. CSD should be aware that depending on the provided funding package from agencies, additional user rates income may be required to pursue the below Table 6 Capital Improvement projects.



TABLE 6: CAPITAL IMPROVEMENTS FUNDING SCHEDULE (NOT USED)

Coolin Sewer District			
Project ID#¹	Project Name	Project Trigger	Total Estimated Cost (2023 Dollars)²
Priority 1 Improvements (2023-2025)			
WWTP 1.1	Coolin WWTP expansion	As funding is available	\$21,991,000
LS 1.1	North Lift Station Improvements	As funding is available	\$223,000
LS 1.2	South Lift Station Improvements	As funding is available	\$577,000
WWTP 1.2	Compliance Activities	As funding is available	\$88,000
Total Priority 1 Improvements (rounded)			\$22,879,000
Priority 2 Improvements (2025-2032)			
C 2.1	Upsize Pressure Mains (smaller than 3")	After Priority 1 Improvements, as needed	\$6,443,000
Total Priority 2 Improvements (rounded)			\$6,443,000
Priority 3 Improvements (2032-2043)			
C 3.1	Upsize Bayview St. Pressure Main to Decrease Pipe Velocity	After Priority 2 Improvements, as needed	\$1,658,000
3.2	Facility Planning Study Update	10 years after approval of current facility plan	\$150,000
Total Priority 3 Improvements (rounded)			\$1,808,000
TOTAL SYSTEM IMPROVEMENTS COSTS (rounded)			\$31,130,000

Notes

¹Priority definitions:

LS=Lift Station C = Collection System WWTP=Wastewater Treatment Plant

LA = Winter Storage and Land Application

²The cost estimate herein is based on our perception of current conditions at the project location. This estimate reflects our opinion of probable costs at this time and is subject to change as the project design matures. Keller Associates has no control over variances in the cost of labor, materials, equipment, services provided by others, contractor’s methods of determining prices, competitive bidding or market conditions, practices or bidding strategies. Keller Associates cannot and does not warrant or guarantee that proposals, bids or actual construction costs will not vary from the costs presented herein.



3.0 RATE PROJECTION MODEL

As part of the rate study, a sewer rate model was developed for CSD’s use and reference. The rate model uses historical expenditures, expected revenue, and key assumptions to provide guidance to any future rate adjustments.

CSD has elected to use a baseline budget of \$904,500, which consists of the following components (each inflated 5% annually):

- The existing operations and maintenance budget (Table 3).
- Additional operations budget items:
 - An additional operator (\$50,000).
 - Increased lease expense (an additional \$30,000 beyond what is in the existing budget)
 - Idaho Department of Lands (IDL) lease is up for renewal which will require a new assessment of the property value in 2026. IDL conveyed the new lease may triple in costs.
 - Annual savings for land purchase (\$10,000).
 - IDL indicated they may entertain a future land swap, which would benefit CSD in having ownership over the land the WWTP and disposal system is on.
- Short lived assets (fully funded, Table 5).
- LID shortfall payments (\$15,000).
- 10% long term replacement projects (10% of Table 5 value).

To fund the above budget, the existing user rate must be increased approximately \$135/ER/quarter (\$45 ER/month) to raise the needed funds. This is a substantial increase to the constituent rates and consideration to convert to monthly billing could be considered to offset a larger quarterly bill. Figure 1 below shows a screenshot of the user rate model used to calculate this value. A larger version of this document can be found in Attachment C. Table 7 below compares the current rate with the proposed rate.

TABLE 7: CAPITAL IMPROVEMENTS FUNDING SCHEDULE (NOT USED)

Year	Monthly Cost (\$/ERU/month)	Quarterly Cost (\$/ERU/Quarter)
Current	\$75	\$225
Proposed	\$120	\$360



FIGURE 1: SEWER RATE MODEL

Coolin Sewer District 2023 User Rate Study Sewer Historic and Forecast of Revenues and Expenses											Inputs		
	Historic	Historic	Historic	Budget	Historic	Baseline	Forecast	Forecast	Forecast	Forecast	5%	Inflation	
	2018	2019	2021	2022	2023	2023	2024	2025	2026	2027	5%	Annual User Rate Increase	
User Rate % Annual Increase								5.0%	5.0%	5.0%	\$	135	Rate Increase (ERU/Quarter)
Number of ERUs		543	608	621	633	633	633	633	633	633		0	New Connections per year
Number of ERUs Added							0	0	0	0		0%	Percent Contingency on projects
User Rate (\$/ERU/Quarter)	\$125.00	\$125.00	\$125.00	\$125.00	\$225.00	\$225.00	\$360.00	\$378.00	\$396.90	\$416.75		10%	Percent Long Term funded
User Rate (\$/ERU/Month)	\$41.67	\$41.67	\$41.67	\$41.67	\$75.00	\$75.00	\$120.00	\$126.00	\$132.30	\$138.92			
Hookup Fee	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,250.00	\$5,512.50	\$5,788.13			
Revenues													
Charges for Services					\$ 547,271	\$ 569,700	\$ 911,520	\$ 957,096	\$ 1,004,951	\$ 1,055,198			
LID income	Not used-Rate increase took effect in 2023				Not a useable income								
Hook Ups					\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -			
Miscellaneous					\$ 136,045	\$ 136,045	\$ -	\$ -	\$ -	\$ -			
Total Revenues	\$217,676	\$ 358,731	\$ 446,360	\$ 486,960	\$ 693,316	\$ 705,745	\$ 911,520	\$ 957,096	\$ 1,004,951	\$ 1,055,198			
Expenditures													
Operational+maintenance	\$236,099	\$ 244,776	\$ 212,386	\$ 219,890	\$ 431,335	\$ 431,335	\$ 542,901	\$ 570,046	\$ 598,549	\$ 628,476			
Debt-LID					\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000			
Capital (historic)	\$145,683	\$ 145,005	\$ 92,100	\$ 150,000	\$ 17,339	\$ 145,683	\$ -	\$ -	\$ -	\$ -			
Short Lived Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,542	\$ 296,669	\$ 311,502	\$ 327,077			
10% Long Term Projects funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,040	\$ 67,242	\$ 70,605	\$ 74,135			
Total Expenditures	\$381,782	\$ 389,781	\$ 304,486	\$ 369,890	\$ 448,673	\$ 592,018	\$ 904,483	\$ 948,957	\$ 995,655	\$ 1,044,688			
Final Budget													
Ending Fund Balance					\$ 244,643		\$ 7,037	\$ 8,139	\$ 9,295	\$ 10,510			

3.1 RATE PROJECTION MODEL INSTRUCTIONS

CSD may modify this rate projection model by modifying the input section in the upper right hand corner. Inputs include assumed values for the following:

- Annual inflation cost
 - 5% is typical, though it varies from year to year.
- Annual user rate increase
 - 5% is the maximum allowable without a public hearing. It is recommended to increase user rates annually to help keep up with rising operational costs and inflation.
- Connections per year
 - Recommended and selected by CSD to assume zero due to current suspension of connections and to avoid over optimistic budgetary planning. If additional connections are planned for in this rate model, but there are no actual new connections, CSD may face a deficit.
- Percent contingency on replacement projects
 - Additional contingency would help cover unexpected underground conditions, engineering, legal or administrative support. If CSD feels comfortable with completing all replacement projects themselves, this value can remain lower. If it



is anticipated that additional support is needed, or if CSD prefers more conservative planning, this line item should be increased.

- Percent funding on long-term projects.
 - CSD may increase or decrease this value in the short term, though long term it is recommended to fully fund this item. For instance, CSD may consider funding 10% of the long-term projects to start, and then increasing each year by several percentage points.

The ultimate goal is to balance CSD's budget that results in funding the maintenance, operations and replacement of infrastructure necessary to meet state regulations. In the short term, it may be tempting to avoid funding replacement projects to keep costs down. However, eventually infrastructure will need to be replaced, and maintenance difficulty typically increases over time with aging infrastructure.

4.0 CONCLUSION

Keller Associates recommends CSD move forward with user rate increases that supports a more feasible budget that enables CSD to financially plan for the future. Failure to increase user rates will make it more difficult to fund ongoing replacement needs, putting CSD at more risk of system failures, permit violations, and disruptions to service. Additional rate increases may be required to pay for future identified capital improvements projects.

It is standard practice to cover O&M and replacement costs with the user fee, and budgeting income for only existing customers. This would pose less risk to CSD than relying only on additional revenue from expected future connections that may never actually connect to the system. CSD has elected to proceed with rate increases to cover O&M costs and replacement costs.

Attachment A

Historical Financial Information

COOLIN SEWER DISTRICT

FINANCIAL STATEMENTS
NOVEMBER 30, 2020 AND 2019

**COOLIN SEWER DISTRICT
November 30, 2020 and 2019**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Coolin Sewer District
Coolin, ID 83821

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Coolin Sewer District, as of and for the years ended November 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Coolin Sewer District, as of November 30, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis (MD&A) that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coolin Sewer District's internal control over financial reporting and compliance.

Magnuson, McHugh & Company, P.A.

Magnuson, McHugh & Company, P.A.

Coeur d'Alene, ID

June 6, 2023

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Coolin Sewer District

STATEMENTS OF NET POSITION
November 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 162,489	\$ 114,393
Restricted cash and cash equivalents	535,341	522,783
Accounts receivable	41,228	62,491
Special assessment receivable - current	130,624	138,594
Special assessment interest receivable	6,434	11,337
Prepaid expenses	1,960	1,826
Total current assets	<u>878,076</u>	<u>851,424</u>
Noncurrent assets:		
Capital assets:		
Land	4,642	4,642
Sewer system	5,780,094	5,780,094
Office equipment	7,996	7,996
Plant and building	19,115	19,115
Maintenance equipment	71,434	71,434
	<u>5,883,281</u>	<u>5,883,281</u>
Less accumulated depreciation	<u>(2,557,357)</u>	<u>(2,414,083)</u>
Net capital assets	<u>3,325,924</u>	<u>3,469,198</u>
Other assets:		
Special assessment receivable - noncurrent	<u>708,943</u>	<u>861,373</u>
Total other assets	<u>708,943</u>	<u>861,373</u>
Total non-current assets	<u>4,034,867</u>	<u>4,330,571</u>
Total assets	<u>4,912,943</u>	<u>5,181,995</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Proportionate share of collective deferred outflows of resources	<u>15,698</u>	<u>8,354</u>
Total deferred outflows of resources	<u>15,698</u>	<u>8,354</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	14,878	7,884
Accrued expenses	9,517	9,978
Accrued interest payable	15,065	17,086
Notes payable - current portion	185,520	176,918
Total current liabilities	<u>224,980</u>	<u>211,866</u>
Noncurrent liabilities:		
Notes payable - noncurrent portion	1,016,367	1,205,118
Net pension liability	54,951	27,879
Total noncurrent liabilities	<u>1,071,318</u>	<u>1,232,997</u>
Total liabilities	<u>1,296,298</u>	<u>1,444,863</u>
 DEFERRED INFLOWS OF RESOURCES		
Proportionate share of collective deferred inflows of resources	<u>2,688</u>	<u>12,894</u>
Total deferred inflows of resources	<u>2,688</u>	<u>12,894</u>
 NET POSITION		
Net investment in capital assets	2,124,037	2,087,162
Restricted for capital outlay and debt service	535,341	522,783
Unrestricted	970,277	1,122,647
Total net position	<u>\$ 3,629,655</u>	<u>\$ 3,732,592</u>

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

Coolin Sewer District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended November 30, 2020 and 2019

	2020	2019
Operating revenues:		
Charges for services	\$ 246,502	\$ 236,458
Hook-up and capitalization fees	34,000	30,000
Service charges	1,453	3,921
Delinquent interest and penalties	755	10,494
Other	11,801	77,858
Total operating revenues	294,511	358,731
Operating expenses:		
Auto expense and travel	980	1,179
Bank charges	625	1,027
Depreciation and amortization	143,274	145,005
Director's fees	4,900	6,600
Insurance, bonds, worker's compensation	7,527	5,617
Miscellaneous	1,251	1,691
Office supplies and postage	3,163	3,098
Operating lease	13,741	13,393
Payroll taxes	6,883	6,775
Professional fees	31,599	29,083
Repairs and maintenance	83,963	67,405
Utilities	18,645	20,475
Wages	80,297	79,218
Change in net pension liability	19,549	9,214
Total operating expenses	416,397	389,780
Operating (loss)	(121,886)	(31,049)
Non-operating revenues (expenses):		
Interest income	13,465	9,723
Special assessment income	51,347	60,484
Interest expense	(45,863)	(57,580)
Total non-operating revenues	18,949	12,627
Change in net position	(102,937)	(18,422)
Total net position - beginning	3,732,592	3,751,014
Total net position - ending	\$ 3,629,655	\$ 3,732,592

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

Coolin Sewer District

STATEMENTS OF CASH FLOWS For the Years Ended November 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 315,774	\$ 323,286
Cash paid to suppliers	(154,634)	(138,958)
Cash paid to employees	(102,568)	(102,460)
Net cash provided (used) by operating activities	58,572	81,868
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Special assessments	36,501	13,476
Interest expense	(47,884)	(60,154)
Net cash provided (used) by capital and related financing activities	(11,383)	(46,678)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	13,465	9,723
Net cash provided (used) by investing activities	13,465	9,723
Net increase (decrease) in cash	60,654	44,913
Cash, beginning of year	637,176	592,263
Cash, end of year	\$ 697,830	\$ 637,176
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating (loss)	\$ (121,886)	\$ (31,049)
Adjustments to reconcile net profit to net cash provided (used) by operating activities:		
Depreciation expense	143,274	145,005
Changes in assets and liabilities:		
(Increase) decrease in receivables	21,263	(35,445)
(Increase) decrease in prepaid expenses	(134)	(367)
Increase (decrease) in accounts payable	6,994	4,377
Increase (decrease) in accrued expenses	(461)	(165)
Increase (decrease) in items related to net pension liability	9,522	(488)
Net cash provided (used) by operating activities	\$ 58,572	\$ 81,868

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

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Coolin Sewer District (the District) was organized for the purpose of constructing and operating a sewer system for residents within specified boundaries north of Priest River, Idaho.

The accounting methods and procedures adopted by Coolin Sewer District conform to generally accepted accounting principles as applied to special-purpose governments engaged only in business-type activities. The Governmental Accounting Standards Board (GASB) 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 District's financial statements.

Reporting entity – In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Coolin Sewer District is an independent unit with no other units included with, or excluded from, the reporting entity.

Basis of Accounting – For financial statement purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The accounts of the District are organized on the basis of proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity or (2) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Net Position – Net position comprise the various net earnings from operating income, nonoperating revenues and expenses and capital contribution. The District's net positions are classified as follows:

Net Investment in Capital Assets – This represents the District's total investment in capital assets; net of outstanding debt obligations related to those capital assets, to the extent debt has been incurred but not yet expended for capital assets.

Restricted Net Position – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of the governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Unrestricted net position represents resources derived from sewer sales and fees charged. These resources are used for transactions related to the general operation of the District and may be used at the discretion of the governing board to meet current expenses for any purpose.

(Continued)

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement of cash flows – For purposes of the Statement of Cash Flows the District considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

Restricted assets – Certain proceeds of the revenue bonds and LID bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

Accounts receivable – Accounts receivable consists of monthly fees that have not yet been collected. No allowance for uncollectible amounts has been estimated because the amount represents a lien against real property, and the District expects to fully collect these amounts. Amounts 90 days or more overdue total \$38,203 and \$48,769 as of November 30, 2020 and 2019, respectively, including amounts turned over to Bonner County for collection. Delinquents turned over to Bonner County are charged 12% interest. Certain receivables for parts and service are charged 1.5% interest per month.

Capital assets – Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical costs or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred in construction is not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Sewer system	5 – 40 years
Office equipment	5 years
Plant and buildings	40 years
Maintenance equipment	5 – 10 years

Unearned grant revenue – In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses, and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are reported as advances by the provider and as deferred revenue by the recipient.

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, deferred outflows of resources, 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. The District only has one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(Continued)

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

The District has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, proportionate share of collective deferred inflows of resources, is reported on the government-wide statement of net position. The government-wide statement of net position reports proportionate share of collective deferred inflows of resources from one source: accounting for the net pension obligation, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

Classification of Revenues – The District has classified its revenue as either operating or non-operating according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, primarily charges for services, net of refunds.

Non-operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as financing and investing type of activities, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 34, such as investment income.

Special assessment revenues – Special assessment revenues are recognized in their entirety in the government wide financials in the year the District has an enforceable legal claim.

Income taxes – The District is a political subdivision of the State of Idaho and is not subject to taxation of its earnings.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative data – Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts in the prior fiscal year have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 2: CASH AND INVESTMENTS

General:

State statutes authorize the District's investments and deposits. The District 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.

Credit risk:

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SPIC) and has never experienced such a loss. The District's deposits and investments were exposed to custodial credit risk as of November 30, 2020 and 2019, respectively, as follows:

	2020	2019
<u>Deposits without exposure to custodial credit risk:</u>		
Amount insured by the FDIC, or collateralized with securities held by the District in its name	\$ 416,964	\$ 365,682
Total deposits without exposure to custodial credit risk:	416,964	365,682
<u>Deposits with exposure to custodial credit risk:</u>		
Amount uninsured	285,476	272,783
Total deposits with exposure to custodial credit risk:	285,476	272,783
Total deposits	\$ 702,440	\$ 638,465

Cash and cash equivalents at November 30, are classified in the accompanying financial statements as follows:

	2020	2019
Statement of Net Position - Cash and cash equivalents	\$ 162,489	\$ 114,393
Statement of Net Position - Restricted cash and cash equivalents	535,341	522,783
Total carrying amount	\$ 697,830	\$ 637,176

Cash and cash equivalents at November 30, consist of the following:

Cash:		
Deposits with financial institutions	\$ 162,489	\$ 114,393
Cash equivalents:		
Certificate of deposits	535,341	522,783
Total cash and cash equivalents	\$ 697,830	\$ 637,176

(Continued)

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 3: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consists of the following as of November 30, as follows:

	2020	2019
Deferred principal amounts not currently due, but due at future dates:	\$ 839,567	\$ 999,967

NOTE 4: PROPERTY AND EQUIPMENT

Capital asset activity for the year ended November 30, 2020 was as follows:

	11/30/2019	Additions	Retirements	11/30/2020
Capital assets, not being depreciated:				
Land	\$ 4,642	\$ -	\$ -	\$ 4,642
Total, capital assets not being depreciated	4,642	-	-	4,642
Capital assets being depreciated:				
Sewer system	5,780,094	-	-	5,780,094
Office equipment	7,996	-	-	7,996
Plant and buildings	19,115	-	-	19,115
Maintenance equipment	71,434	-	-	71,434
Total capital assets being depreciated	5,878,639	-	-	5,878,639
Less accumulated depreciation	2,414,083	143,274	-	2,557,357
Capital assets, being depreciated, net	3,464,556	(143,274)	-	3,321,282
Total business-type capital assets, net	\$ 3,469,198	\$ (143,274)	\$ -	\$ 3,325,924

Capital asset activity for the year ended November 30, 2019 was as follows:

	11/30/2018	Additions	Retirements	11/30/2019
Capital assets, not being depreciated:				
Land	\$ 4,642	\$ -	\$ -	\$ 4,642
Total, capital assets not being depreciated	4,642	-	-	4,642
Capital assets being depreciated:				
Sewer system	5,780,094	-	-	5,780,094
Office equipment	7,996	-	-	7,996
Plant and buildings	19,115	-	-	19,115
Maintenance equipment	71,434	-	-	71,434
Total capital assets being depreciated	5,878,639	-	-	5,878,639
Less accumulated depreciation	2,269,078	145,005	-	2,414,083
Capital assets, being depreciated, net	3,609,561	(145,005)	-	3,464,556
Total business-type capital assets, net	\$ 3,614,203	\$ (145,005)	\$ -	\$ 3,469,198

(Continued)

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 5: SCHEDULE OF ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The District's accounts payable balances as of November 30, are as follows:

	2020	2019
Accounts payable	\$ 14,878	\$ 7,884
Director's fees payable	7,200	7,200
Accrued interest payable	15,065	17,086
Payroll taxes payable	2,317	2,778
Total	\$ 39,460	\$ 34,948

NOTE 6: LONG-TERM DEBT

Local Improvement District

On December 18, 2001, the Board passed Resolution 2001-1 Notice of the Creation of a Local Improvement District ("LID"). After considering public comment, the District passed Resolution 2002-2 creating the LID to repay the IDEQ note used to fund an upgrade of the system required by the Idaho Department of Environmental Quality. The LID assessment totaled \$4,051,125, which resulted in a \$3,000 or \$6,000 per consumer lot on which construction occurred. Assessments are payable in annual installments over 20 years including interest at 4.75%.

In August 2006, the Idaho Department of Environmental Quality authorized a \$3,319,000 loan at 3.75% interest to be repaid in annual installments over 20 years. The District is fully obligated for the local improvement debt, placing liens against the property owners to ensure payment to the District. Repayment terms call for annual payments of \$228,034, at an interest rate of 3.75%.

Presented below is a summary of debt service requirement to maturity by years:

Fiscal year ending November 30	General Obligation		Total
	Principal	Interest	
2021	\$ 185,520	\$ 45,192	\$ 230,712
2022	189,698	38,335	228,033
2023	196,812	31,222	228,034
2024	204,127	23,907	228,034
2025	211,847	16,186	228,033
Thereafter	213,883	8,242	222,125
Total	\$ 1,201,887	\$ 163,084	\$ 1,364,971

(Continued)

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 6: LONG-TERM DEBT (CONCLUDED)

Long-term debt for the year ended November 30, 2020 was as follows:

	<u>12/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>11/30/2020</u>	<u>Amounts Due within One Year</u>
Long-term debt payable:					
IDEQ loan payable	\$ 1,382,036	\$ -	\$ (180,149)	\$ 1,201,887	\$ 185,520
Total long-term debt	<u>\$ 1,382,036</u>	<u>\$ -</u>	<u>\$ (180,149)</u>	<u>\$ 1,201,887</u>	<u>\$ 185,520</u>

Long-term debt for the year ended November 30, 2019 was as follows:

	<u>12/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>11/30/2019</u>	<u>Amounts Due within One Year</u>
Long-term debt payable:					
IDEQ loan payable	\$ 1,568,473	\$ -	\$ (186,437)	\$ 1,382,036	\$ 176,918
Total long-term debt	<u>\$ 1,568,473</u>	<u>\$ -</u>	<u>\$ (186,437)</u>	<u>\$ 1,382,036</u>	<u>\$ 176,918</u>

NOTE 7: DESIGNATED AND RESTRICTED NET POSITION

Designated – The Board of Directors has designated a portion of unrestricted net position for future expansion and major repairs. The reserve account is funded by new connection fees (75% after passage of Board Resolution No 06-01 dated March 7, 2006) and capitalization fees. Additions for years ended November 30, 2020 and 2019, are \$25,500 and \$22,500, respectively. Unrestricted net position designated for future expansion and major repairs at November 30, 2020 and 2019, are \$389,602 and \$364,102, respectively.

Board Resolution No 06-01, dated March 7, 2006, created designation of 25% of new connection fees to payment of principal and interest on the LID bond. Additions for the years ended November 30, 2020 and 2019, are \$8,500 and \$7,500 respectively. Unrestricted net position designated for debt service at November 30, 2020 and 2019, are \$55,118 and \$46,618, respectively.

NOTE 8: DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

(Continued)

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The District's contributions were \$10,027 for the year ended November 30, 2020.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At November 30, 2020, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020 the District's proportion was 0.0023664 percent.

(Continued)

Coolin Sewer District

**NOTES TO THE FINANCIAL STATEMENTS
November 30, 2020 and 2019**

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

For the year ended November 30, 2020, the District recognized pension expense (revenue) of \$19,549. At November 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,298	\$ -
Changes of assumptions	929	-
Net difference between projected and actual earnings on pension plan investments	4,293	1,794
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	894
Coolin Sewer Dist's contributions subsequent to the measurement date	4,178	-
Total	\$ 15,698	\$ 2,688

\$4,178 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending November 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019 the beginning of the measurement period ended June 30, 2020 is 4.8 and 4.8 for the measurement period June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended June 30:

2021	\$ 177
2022	\$ 2,315
2023	\$ 3,142
2024	\$ 4,093

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases**	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1.00%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013, through June 30, 2017, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2020, is based on the results of an actuarial valuation date July 1, 2020.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

(Continued)

Coolin Sewer District

NOTES TO THE FINANCIAL STATEMENTS November 30, 2020 and 2019

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2020.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			<u>7.05%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

(Continued)

Coolin Sewer District

**NOTES TO THE FINANCIAL STATEMENTS
November 30, 2020 and 2019**

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	<u>1% Decrease (6.05%)</u>	<u>Current Discount Rate (7.05%)</u>	<u>1% Increase (8.05%)</u>
Employer's net pension liability (asset)	<u>\$ 112,689</u>	<u>\$ 54,951</u>	<u>\$ 7,211</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At November 30, 2020, Coolin Sewer District reported no payables to the defined benefit pension plan for legally required employer contributions and no payables for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 9: OPERATING LEASE

The District leases the land on which the new wastewater treatment plan is situated from the Idaho Department of Lands. The lease is an operating lease because ownership is not transferred to the District. Rent is \$10,477 annually and may be reviewed by the lessor for increase or decrease every five years beginning in 2007. Rent expense in the years ended November 30, 2020 and 2019 was \$13,741 and \$13,393, respectively.

NOTE 10: RISK OF LOSS

The District faces risk of loss in two areas. The first is property damage/tort liability. To protect itself from such losses the District purchases insurance through the Idaho Counties Risk Management Program.

The second area of risk involves employee injury on the job. To guard against this potential loss, the District obtains workman's compensation insurance through the Idaho State Insurance Fund. This policy is a retrospectively rated policy. Premiums are accrued based on experience to date of a group of entities. Adjustments are made to the premiums based on actual experience. As of the date of this report, no estimate of this adjustment, if any, could be made for fiscal year 2020. Further, the District cannot estimate losses, if any, from reported or unreported claims.

(Concluded)

REQUIRED SUPPLEMENTARY INFORMATION

Coolin Sewer District

**GASB 68 Required Supplementary Information
For the Year Ended November 30, 2020**

**Schedule of Employers's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years ***

	<u>2020</u>	<u>2019</u>
Employer's portion of the net pension liability	0.0023664%	0.0024424%
Employer's proportionate share of the net pension liability	\$ 54,951	\$ 27,879
Employer's covered-employee payroll	\$ 84,285	\$ 83,798
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	65.20%	33.27%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2020 (measurement date).

**Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years ***

	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 10,064	\$ 9,702
Contributions in relation to the statutorily required contribution	10,064	9,702
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll of its covered employee payroll	\$ 84,285	\$ 83,798
Contributions as a percentage of covered-employee payroll	11.94%	11.58%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is reported as of November 30, 2020.

2018	2017	2016	2015
0.0024514%	0.0024688%	0.0025127%	0.0025810%
\$ 36,159	\$ 38,805	\$ 50,936	\$ 33,988
\$ 80,415	\$ 76,579	\$ 75,660	\$ 72,840
44.97%	50.67%	67.32%	46.66%
91.69%	90.68%	87.26%	91.38%

2018	2017	2016	2015
\$ 9,103	\$ 8,669	\$ 8,565	\$ 8,241
9,103	8,669	8,565	8,241
\$ -	\$ -	\$ -	\$ -
\$ 80,415	\$ 76,579	\$ 75,660	\$ 72,840
11.32%	11.32%	11.32%	11.31%

FINANCIAL SECTION

REPORT REQUIRED BY 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***

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Coolin Sewer District
Coolin ID 83821

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 business-type activities, Coolin Sewer District, as of and for the year ended November 30, 2020, and the related notes to the financial statements, which collectively comprise Coolin Sewer District's basic financial statements, and have issued our report thereon dated June 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coolin Sewer District'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 Coolin Sewer District's internal control. Accordingly, we do not express an opinion on the effectiveness of Coolin Sewer District's internal control.

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

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

Compliance and Other Matters

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

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.

Magnuson, McHugh & Company, P.A.

Magnuson, McHugh & Company, P.A.

Coeur d'Alene, ID

June 6, 2023

Coolin Sewer District
Operating Budget Report
Fiscal Year from 12/1/22 - 11/30/23

Accounts	Oct 2023	Dec-Sept	12/1 - current	Total	
	Current	Previous	Year to Date	Operational	Balance
	Actuals	Actuals	Actuals	Budget	Remaining
INCOME					
Sewer Service	11,371	490,294	501,665	546,750	45,085
Bonner County Collections	0	9,064	9,064	2,117	-6,947
Interest & Penalties (delinquent accounts)	0	737	737	1,000	263
New Installs (includes service charge)	6,821	66,077	72,898	60,000	-12,898
Hookup fees	0	10,000	10,000	30,000	20,000
Impact Fees	0	0	0	0	0
LID Payments	0	191,327	191,327	156,266	-35,061
Misc (service calls, septic pump, title fees, interest from savings)	15,345	26,664	42,009	600	-41,409
Capital Reinvestment Reserve Funds	0	0	0	500,000	500,000
TOTAL INCOME	33,537	794,163	827,700	1,296,733	469,033
EXPENSES					
Advertising	0	0	0	1,500	1,500
Audit	0	4,800	4,800	7,500	2,700
Capital Reinvestments - System Improvement	0	15,894	15,894	75,000	59,106
Capital Reinvestments - Service Parts & Materials (New installs)	0	11,859	11,859	39,000	27,141
IDEQ Loan - interest	0	31,222	31,222	38,335	7,113
IDEQ Loan - principal	0	196,813	196,813	189,698	-7,115
IDL Lease	0	15,540	15,540	16,000	460
Insurance	0	7,953	7,953	10,000	2,047
Licenses & Permits	0	0	0	300	300
Merchant Fees	156	865	1,020	350	-670
Miscellaneous (emergency irrigation is going here)	6,313	137	6,450	1,710	-4,740
Office Supplies	95	2,550	2,644	5,000	2,356
Payroll Expenses (wages, medical stipend, taxes, retirement)	10,186	95,277	105,464	140,000	34,536
Postage & Freight	0	1,656	1,656	3,000	1,344
Pro Mandated Fees (backup operator)	400	4,000	4,400	4,800	400
Professional Fees - Accounting	0	3,600	3,600	500	-3,100
Professional Fees - Engineer	12,484	59,536	72,020	80,000	7,980
Professional Fees - Legal	2,993	22,202	25,194	65,000	39,806
Repairs & Maintenance (to system/district property)	1,400	107,096	108,496	75,000	-33,496
Sample Testing	250	255	505	2,000	1,495
Shop Expenses (tools & supplies)	32	790	822	1,200	378
Utilities	1,635	16,057	17,693	25,000	7,307
Vehicle Fuel	190	1,663	1,853	4,000	2,147
Vehicle Repairs & Maintenance	0	2,101	2,101	8,000	5,899
Vehicle Replacement Fund	0	0	0	2,400	2,400
Website Fees	120	1,200	1,320	1,440	120
Capital Reinvestment Reserve Fund	0	0	0	500,000	500,000
TOTAL EXPENSES	36,253	603,066	639,319	1,296,733	657,414
Net Income/Loss	-2,716	191,098	188,382	0	
Account balances as of					
WF Checking	52,166				
WF Savings	265,422				
WF - LID Savings	9,668				
STCU Savings (reserve funds)	252,991				
P1FCU Money Market (reserve funds)	250,761				
WaFd Money Market Savings	22,841				
P1FCU Non-Profit Savings	37				
Total	853,886				

Income	2023 budget	2023 (through Oct 2023, 11 of 12 months)	2023 actual (projected)	2021 (budget)	2021 (actual)	2022 budget	2019	2018
Operational								
Sewer Service	\$ 546,750	\$ 501,665	\$ 547,271	\$ 245,000.00	\$ 262,318.00	\$ 280,000.00	\$ 236,458.00	\$ 193,180.00
Bonner County Collections	\$ 2,117	\$ 9,064	\$ 9,888	\$ 10,000.00	\$ 19,850.12	\$ 15,000.00		
Interest and Penalties	\$ 1,000	\$ 737	\$ 804	\$ 12,700.00	\$ 22,626.00	\$ 11,100.00	\$ 10,494.00	\$ 2,162.00
Misc-Service calls, septic pump, title transfer fee	\$ 600	\$ 42,009	\$ 45,828	\$ 860.00	\$ 660.00	\$ 860.00	\$ 81,779.00	\$ 16,334.00
Maintenance								
New Installs (service charge of 35%)	\$ 60,000	\$ 72,898	\$ 79,525	\$ 20,000.00	\$ 60,906.00	\$ 70,000.00		
Capital Infrastructure								
Hookup fees	\$ 30,000	\$ 10,000	\$ 10,000				\$ 30,000.00	\$ 6,000.00
Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00	\$ 50,000.00		
Capital Reinvestments Reserve Funds (rollover of savings)	\$ 500,000	\$ -	\$ -	\$ 30,000.00	\$ 70,000.00	\$ 60,000.00		
Debt Service								
LID payments	\$ 156,266	\$ 191,327	\$ 208,720	\$ 170,000.00	\$ 200,879.25	\$ 165,000.00		

Total Income	\$ 1,296,733	\$ 827,700	\$ 902,036	\$ 488,560	\$ 647,239.37	\$ 651,960	\$ 358,731.00	\$ 217,676.00
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Expenses								
Operational								
Advertising	\$ 1,500	\$ -	\$ -	\$ 200.00	\$ 237.96	\$ 500.00		
Audit	\$ 7,500	\$ 4,800	\$ 5,236	\$ 7,500.00	\$ 4,241.25	\$ 7,500.00		
IDL lease	\$ 16,000	\$ 15,540	\$ 16,953	\$ 14,500.00	\$ 13,988.00	\$ 14,200.00	\$ 13,393.00	\$ 13,066.00
Insurance	\$ 10,000	\$ 7,953	\$ 8,676	\$ 7,800.00	\$ 6,990.00	\$ 10,000.00	\$ 5,617.00	\$ 12,143.00
Licenses and Permits	\$ 300	\$ -	\$ -	\$ 400.00	\$ 150.00	\$ 300.00		
Merchant Fees	\$ 350	\$ 1,020	\$ 1,113				\$ 1,027.00	\$ 840.00
Misc (emergency irrigation to go here)	\$ 1,710	\$ 6,450	\$ 7,036	\$ 1,500.00	\$ 3,566.00	\$ 4,000.00	\$ 1,691.00	\$ 771.00
Office Supplies	\$ 5,000	\$ 2,644	\$ 2,884	\$ 1,500.00	\$ 560.00	\$ 5,000.00	\$ 1,898.00	\$ 1,619.00
Payroll Expenses (wages, medical stipend, taxes, retirement)	\$ 140,000	\$ 105,464	\$ 115,052	\$ 89,000.00	\$ 85,732.00	\$ 140,000.00	\$ 101,808.00	\$ 94,603.00
Postage and Freight	\$ 3,000	\$ 1,656	\$ 1,807	\$ 2,000.00	\$ 1,534.00	\$ 3,000.00	\$ 1,200.00	\$ 1,200.00
Pro Mandated Fees (backup operator)	\$ 4,800	\$ 4,400	\$ 4,800	\$ 5,040.00	\$ 5,040.00	\$ 5,040.00		
Professional Fees-Accounting	\$ 500	\$ 3,600	\$ 3,927					
Professional Fees-Engineer	\$ 80,000	\$ 72,020	\$ 78,567	\$ 12,000.00	\$ 15,935.00	\$ 50,000.00	\$ 29,083.00	\$ 18,469.00
Professional Fees-Legal	\$ 65,000	\$ 25,194	\$ 27,484					
Utilities	\$ 25,000	\$ 17,693	\$ 19,301	\$ 25,000.00	\$ 16,988.00	\$ 25,000.00	\$ 20,475.00	\$ 19,926.00
Vehicle Fuel	\$ 4,000	\$ 1,853	\$ 2,021	\$ 1,500.00	\$ 2,027.00	\$ 4,000.00	\$ 1,179.00	\$ 2,143.00
Website Fees	\$ 1,440	\$ 1,320	\$ 1,440					
Maintenance								
Service and Parts	\$ 39,000	\$ 11,859	\$ 12,937	\$ 20,000.00	\$ 51,871.00	\$ 70,000.00		
Repairs and Maintenance (system/district property)	\$ 75,000	\$ 108,496	\$ 118,359				\$ 67,405.00	\$ 71,319.00
Sample Testing	\$ 505	\$ 505	\$ 551	\$ 1,000.00	\$ 733.00	\$ 1,500.00		
Shop Expenses (tools and supplies)	\$ 1,200	\$ 822	\$ 897	\$ 950.00	\$ 1,019.00	\$ 1,200.00		
Vehicle Repairs and Maintenance	\$ 8,000	\$ 2,101	\$ 2,292	\$ 30,000.00	\$ 1,774.00	\$ 5,000.00		
Capital Infrastructure								
System Improvements	\$ 75,000	\$ 15,894	\$ 17,339	\$ 100,000.00	\$ 92,100.00	\$ 125,000.00	\$ 145,005.00	\$ 145,683.00
Capital Reinvestments Reserve Funds (rollover of savings)	\$ 500,000	\$ -	\$ -					
Vehicle Replacement Fund (replacement?)	\$ 2,400	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00		
Debt Service								
IDEQ Loan-Interest	\$ 38,335	\$ 31,222	\$ 34,060	\$ 45,191.00	\$ 45,191.00	\$ 38,335.00		
IDEQ Loan-Principal	\$ 189,698	\$ 196,813	\$ 214,705	\$ 182,841.00	\$ 182,841.00	\$ 189,698.00		

Total Expense	\$ 1,296,733	\$ 639,319	\$ 697,439	\$ 572,922	\$ 532,518	\$ 724,273	\$ 389,781	\$ 381,782
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\$ 45,191.00

Total Income	\$ 1,296,733	\$ 827,700	\$ 902,036
Total Expense	\$ 1,296,733	\$ 639,319	\$ 697,439
Net Income/loss	\$ -	\$ 188,381	\$ 204,597

\$ 488,560	\$ 647,239	\$ 651,960
\$ 572,922	\$ 532,518	\$ 724,273
\$ (84,362)	\$ 114,721	\$ (72,313)

Oct 2023 Account Balances	
WF Checking	\$ 52,166
WF Savings	\$ 265,422
WF LID savings	\$ 9,668
STCU Savings (reserve Funds)	\$ 252,991
P1FCU Money Market (reserve funds)	\$ 250,761
WaFd oney Market Savings	\$ 22,841
P1FCU Non-Profit Savings	\$ 37
	\$ 853,886

Coolin Sewer District

22-23 FY Budget

Dec. 1, 2022 - Nov. 30, 2023

Income		23 Budget	
operation	Sewer Service	\$ 546,750.00	
operation	Bonner County Collections (delinquent accounts)	\$ 2,117.00	
operation	Interest & Penalties (delinquent accounts)	\$ 1,000.00	
maintenance	New Installs (includes service charge of 35%)	\$ 60,000.00	>new systems or pump/tank/parts replacement
cap infrastructure	Hookup fees	\$ 30,000.00	billed to customer
cap infrastructure	Impact fees	\$ -	
debt service	LID Payments	\$ 156,266.00	
operation	Misc (service calls, septic pump, title transfer fee)	\$ 600.00	
cap infrastructure	Capital Reinvestments Reserve Funds - (here to show rollover of savings)	\$ 500,000.00	>\$201,000 earmarked for "Guarantee Fund" to stay compliant
Income Totals:		\$ 1,296,733.00	with DEQ loan for 2006 LID Bond - would this be considered for debt service?
Expenses		23 Budget	
operation	Advertising	\$ 1,500.00	
operation	Audit	\$ 7,500.00	
	Capital Reinvestments		
cap infrastructure	-System Improvements	\$ 75,000.00	
maintenance	-Service Parts & Materials (new installs)	\$ 39,000.00	>> would cost of parts and matierials used for new systems be considered maintenance or cap infrastructure? Since a new system isn't increasing capacity...
debt service	IDEQ Loan - interest	\$ 38,335.00	
debt service	IDEQ Loan - principal	\$ 189,698.00	
operation	IDL Lease	\$ 16,000.00	
operation	Insurance	\$ 10,000.00	
operation	Licenses & Permits	\$ 300.00	
operation	Merchant Fees	\$ 350.00	
operation	Miscellaneous	\$ 1,710.00	
operation	Office Supplies	\$ 5,000.00	
operation	Payroll Expenses (wages, medical stipend, taxes, retirement)	\$ 140,000.00	
operation	Postage & Freight	\$ 3,000.00	
operation	Pro Mandated Fees (backup operator)	\$ 4,800.00	
operation	Professional Fees - Accounting	\$ 500.00	
operation	Professional Fees - Engineer	\$ 80,000.00	
operation	Professional Fees - Legal	\$ 65,000.00	
maintenance	Repairs & Maintenance (to system/district property)	\$ 75,000.00	
maintenance	Sample Testing	\$ 2,000.00	
maintenance	Shop Expenses (tools & supplies)	\$ 1,200.00	
operation	Utilties	\$ 25,000.00	
operation	Vehicle Fuel	\$ 4,000.00	
maintenance	Vehicle Repairs & Maintenance	\$ 8,000.00	
replacement	Vehicle Replacement Fund	\$ 2,400.00	
operation	Website Fees	\$ 1,440.00	
cap infrastructure	Capital Reinvestments Reserve Funds - (here to show rollover of savings)	\$ 500,000.00	
Expense Totals:		\$ 1,296,733.00	

LOAN NUMBER: COOLIN NAME: COOLIN SEWER DISTRICT 1899-02
 PMT FREQ: 1 YEAR: Y
 ORIG-LOAN-DATE: 08-01-22
 NEXT-PMT-DATE: 08-01-23
 PMT-TYPE: B
 CUR-BALANCE: 832,580.24
 INTR RATE: 3.7500
 NO OF PMTS: 4
 PMT AMOUNT: 228,034.50

NO.	PMT-DATE	DAYS	AMOUNT	INTEREST	PRINCIPAL	BALANCE
001	08-01-23	365	228,034.50	31,221.76	196,812.74	635,767.50
		365	228,034.50	31,221.76	196,812.74	
002	08-01-24	366	228,034.50	23,906.60	204,127.90	431,639.60
		366	228,034.50	23,906.60	204,127.90	
003	08-01-25	365	228,034.50	16,186.49	211,848.01	219,791.59
		365	228,034.50	16,186.49	211,848.01	
004	08-01-26	365	228,033.77	8,242.18	219,791.59	
		365	228,033.77	8,242.18	219,791.59	
		1461	912,137.27	79,557.03	832,580.24	

SUMMARY OF RESOLUTION NO. 07-01
RESOLUTION OF THE COOLIN SEWER DISTRICT

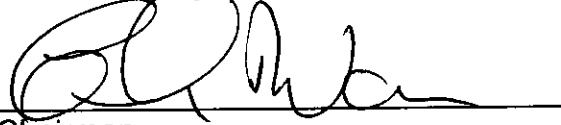
The title of this Resolution is AN RESOLUTION OF COOLIN SEWER DISTRICT, BONNER COUNTY, IDAHO, AUTHORIZING THE ISSUANCE AND SALE OF LOCAL IMPROVEMENT DISTRICT NO. 2002-1 BONDS, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,319,000; SPECIFYING THE DATE, FORM, AND MATURITIES OF SAID BONDS; PROVIDING FOR REGISTRATION AND AUTHENTICATION OF THE BONDS; PROVIDING FOR CERTAIN FUNDS; PROVIDING FOR REDEMPTION OF THE BONDS; DECLARING THE DISTRICT'S INTENT TO REIMBURSE; PROVIDING FOR CONTINUING DISCLOSURE; PROVIDING FOR CERTAIN COVENANTS WITH RESPECT TO FEDERAL TAX LAW; APPROVING THE SALE OF THE SERIES 2006 BONDS TO THE STATE OF IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY; PROVIDING FOR THE EFFECTIVE DATE OF THIS RESOLUTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO. Section 1 provides for definitions. Section 2 authorizes the Bonds. Section 3 describes the Bonds as maturing on May 1, 2007, bearing an interest rate of 3.75% with annual payments due August 1, 2007 and each August 1 thereafter until maturity or redemption. Section 4 provides for the execution and delivery of the Bonds. Section 5 provides for the place and manner of payment on the Bonds. Section 6 pledges the special assessments levied upon all property in LID No 2002-1. Section 7 provides that the Bonds are not an indebtedness of the District. Section 8 provides for registration of the Bonds. Section 9 provides for action by Registered Owners of the Bonds. Section 10 provides for transfer of the Bonds. Section 11 provides for redemption of the Bonds. Section 12 provides for the replacement of lost, stolen, mutilated or destroyed Bonds. Section 13 creates a Bond Fund and an Interest Fund. Section 14 creates a Guarantee Fund. Section 15 creates a Construction Fund. Section 16 approves the sale of the Bonds to the State of Idaho Department of Environmental Quality. Section 17 provides for covenants to comply with the arbitrage and special tax provisions of the Code. Section 18 provides that the District is exempt from arbitrage rebate requirements. Section 19 designates the Bonds as bank eligible. Section 20 provides that the District will not cause the Bonds to be federally guaranteed. Section 21 declares that the District intends to use the Bond proceed to reimburse certain accounts for past expenses. Section 22 declares that the District will comply with the provisions of the Code. Section 23 provides for amendments of the Resolution. Section 24 constitutes the District's written undertaking to provide ongoing disclosure. Section 25 provides that there is no personal recourse against any member, officer or employee of the District. Section 26 provides for the continuing covenants of the District. Section 27 states that the headings in the Resolution are for convenience only. Section 28 provides for construing the Resolution under Idaho law. Section 29 provides for substitute notice. Section 30 provides for severability. Section 31 provides additional authority for the Chairman and other officers of the District. Section 32 ratifies past actions taken consistent with

the provisions of this Resolution. Section 33 provides for an effective date of the Resolution. Section 34 provides for publication of the Resolution.

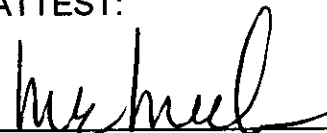
The full text of Resolution No. 07-01 is available during normal business hours of the Coolin Sewer District in Coolin, Idaho. The District Secretary shall provide a full copy of the Resolution to any citizen so requesting.

The Chairman and Board of Directors approved the foregoing summary for publication pursuant to Idaho Code Section 50-901(A) this 1st day of May, 2007.

COOLIN SEWER DISTRICT
Bonner County, Idaho


Chairman

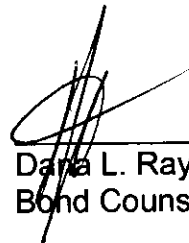
ATTEST:


District Secretary

(S E A L)

STATEMENT OF LEGAL ADVISOR

I have reviewed the foregoing summary and believe this summary of Resolution No. 07-01 is true and complete and provides adequate notice to the public of the provisions provided therein


Dana L. Rayborn Wetzel
Bond Counsel

RESOLUTION NO. 07- 01

A RESOLUTION OF COOLIN SEWER DISTRICT, BONNER COUNTY, IDAHO, AUTHORIZING THE ISSUANCE AND SALE OF LOCAL IMPROVEMENT DISTRICT NO. 2002-1 BONDS, SERIES 2007, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,319,000; SPECIFYING THE DATE, FORM, AND MATURITIES OF SAID BONDS; PROVIDING FOR REGISTRATION AND AUTHENTICATION OF THE BONDS; PROVIDING FOR CERTAIN FUNDS; PROVIDING FOR REDEMPTION OF THE BONDS; DECLARING THE DISTRICT'S INTENT TO REIMBURSE; PROVIDING FOR CONTINUING DISCLOSURE; PROVIDING FOR CERTAIN COVENANTS WITH RESPECT TO FEDERAL TAX LAW; APPROVING THE SALE OF THE SERIES 2007 BONDS TO THE STATE OF IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY; PROVIDING FOR THE EFFECTIVE DATE OF THIS RESOLUTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

**COOLIN SEWER DISTRICT
Bonner County, Idaho**

**LOCAL IMPROVEMENT DISTRICT NO. 2002-1 BONDS, SERIES 2007,
IN THE PRINCIPAL AMOUNT OF \$3,319,000**

WHEREAS, Coolin Sewer District, Bonner County, Idaho, (the "District") is a District operating and existing under and pursuant to the provisions of the Constitution and laws of the State of Idaho, and as such is authorized by Idaho Code, Title 50, Chapter 17, to issue local improvement district bonds for the purpose of paying the cost of improvements and betterments within local improvement districts of the District;

WHEREAS, the Board of Directors of the District (the "Board"), by Resolution No. 02-2, adopted February 15, 2002, heretofore created Local Improvement District No. 2002-1 pursuant to Idaho Code Section 50-1728 for the sole purpose of issuing bonds;

WHEREAS, appeals from assessments have been filed in the District Court of the First Judicial District of the State of Idaho, in and for the County of Bonner and are being duly resolved by the District;

WHEREAS, the State of Idaho Department of Environmental Quality will purchase the LID No. 2002-1 Bonds designated as "Coolin Sewer District Local Improvement District No. 2002-1, Series 2007,"

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOLIN SEWER DISTRICT, BONNER COUNTY, IDAHO, as follows:

Section 1: DEFINITIONS

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words imparting the singular number shall include the plural numbers and vice-versa unless the context shall otherwise indicate.

Board shall mean the Board of Directors of the Coolin Sewer District as the same shall be duly and regularly constituted from time to time.

Bond or Bonds shall mean the heretofore authorized collective aggregate principal amount of bonds designated "Coolin Sewer District Local Improvement District No. 2002-1, Series 2007 Bonds and Bond" authorized to be issued by this Resolution.

Bond Counsel shall mean Wetzel & Wetzel, P.L.L.C., or their successors in functions, if any.

Bond Fund shall mean the Coolin Sewer District Local Improvement District No. 2002-1 Bond Fund.

Bond Resolution shall mean this Resolution adopted by the District on May 2, 2007 authorizing the issuance and sale of the Bonds.

Bond Register shall mean the registration records of the District, maintained by the Bond Registrar, on which shall appear the names and addresses of the Registered Owners of the Bonds.

Bond Registrar shall mean the Treasurer of the District, as Bond Registrar, authenticating agent, paying agent, and transfer agent with respect to the Bonds, its successor in functions, or any successor or substitute Bond Registrar appointed by the District.

Bond Year shall mean the one-year period beginning on the date of issue of the Bond and ending one year later, and each subsequent one-year period.

District shall mean Coolin Sewer District, Bonner County, Idaho.

Chairman shall mean the Chairman of the District or his/her successor in function, if any.

Code shall mean the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder.

Guarantee Fund shall mean the Local Improvement Guarantee Fund created by this Resolution, for the purpose of guaranteeing, to the extent of such fund, the payment of the principal of and interest on local improvement District bonds and warrants of the District.

LID No. 2002-1 Construction Fund shall mean the Coolin Sewer District Local Improvement District No. 2002-1 Construction Fund.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

Net Proceeds, when used with reference to the Bonds, shall mean the face amount of the Bonds, plus accrued interest, if any, and proceeds deposited into the Guarantee Fund, if any.

NRMSIR means a nationally recognized municipal securities information repository.

Outstanding, when used with reference to a bond or bonds, as of any particular date, shall mean all bonds which have been issued, executed, authenticated and delivered by the District, except (i) bonds canceled because of payment or redemption prior to their stated date of maturity, and (ii) any bonds (or portion thereof) for the payment or redemption of which money has been separately set aside and held for the payment thereof.

Project shall mean the undertaking or undertakings of acquiring and installation of improvements described in Resolution No. 02-2 adopted by the District on February 15, 2002.

Register shall mean the registration records of the District, maintained by the Bond Registrar, on which shall appear the names and addresses of the Registered Owners of the Bonds.

Registered Owner or Owners shall mean the person or persons whose names and addresses shall appear on the Bond Register maintained by the Registrar as owner or owners of a specific Bond or Bonds.

Registrar shall mean the District Treasurer as Bond Registrar, authenticating agent, paying agent, and transfer agent with respect to the Bonds, its successor in functions, or any successor or substitute Bond Registrar appointed by the Board.

Secretary shall mean the Secretary of the District or his/her successor in function, if any.

Series 2007 Bond shall mean the heretofore authorized \$3,319,000 aggregate

principal amount of Bonds designated "Coolin Sewer District Local Improvement District No. 2002-1 Bonds, Series 2007" sold to the State of Idaho Department of Environmental Quality and issued by this Resolution.

SID means the state information depository for the State of Idaho.

Treasurer shall mean the Treasurer of the District or his/her successor in function, if any.

Section 2: BONDS AUTHORIZED

Bonds designated "Coolin Sewer District Local Improvement District No. 2002-1 Bonds, Series 2007," in the principal amount of \$3,319,000 (the "Bonds"), are hereby authorized to be issued, sold, and delivered to the State of Idaho Department of Environmental Quality.

Section 3: DESCRIPTION OF THE SERIES 2007 BONDS

A. Dated Date and Interest. The Series 2007 Bonds shall be dated as of May 1, 2007, shall be in the aggregate principal amount of \$3,319,000, and shall be issued only in fully registered form as provided herein. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. The Series 2007 Bonds shall mature May 1, 2027 and shall bear interest at three and seventy-five one hundredths percent (3.75%) per annum. The first amortized installment of principal and interest in the amount of \$229,534.40 shall be payable commencing on August 1, 2007 and the same amount shall be due annually thereafter on each August 1, until maturity or prior redemption.

The Series 2007 Bonds shall be executed, authenticated and numbered as provided herein.

B. Designation. The Series 2007 Bonds shall be numbered separately in a consecutive series in the manner and with any additional designation as the Bond Registrar or Treasurer deems necessary for the purpose of identification.

C. Form. The Series 2007 Bonds shall initially be issued as a single bond and shall be issued substantially in the form as set forth in Exhibit "A" attached hereto and by reference made a part hereof. The Bond is convertible, at the option and expense of the Registered Owner hereof, into fully registered serial Bonds in denominations of \$5,000, or integral multiples thereof within a maturity, maturing on the dates and bearing interest at the rates set forth hereinabove.

Section 4: EXECUTION AND DELIVERY OF THE BONDS

Without unreasonable delay the District shall cause definitive Bonds to be prepared, executed, and delivered, which Bonds shall be typewritten or may be

lithographed or printed with engraved or lithographed borders. The Bonds shall be signed by the manual signature of the Chairman, countersigned by the manual signature of the Treasurer, and attested by the manual signature of the Secretary, and shall have the seal of the District impressed thereon.

Until the definitive Bond is prepared, the District may, if deemed necessary by the Secretary, utilize a temporary Bond, which shall be typewritten, and which shall be delivered to the purchaser of the Bond in lieu of the definitive Bond, but subject to the same provisions, limitations and conditions as the definitive Bond. The temporary Bond shall be dated as of the date of the Bond, shall be in the denomination of \$3,319,000, shall be numbered T-1, shall be substantially of the tenor of such definitive Bond, but with such omissions, insertions and variations as may be appropriate to temporary bonds, shall be issued in fully registered form, shall be manually signed by the Chairman, countersigned by the Treasurer and attested by the signature of the Secretary, and shall have the seal of the District impressed thereon. The Treasurer of the District shall be the Bond Registrar for the purpose of any such temporary Bond.

The Bonds shall be executed, certified, registered, authenticated, and payable as set forth herein. Only such Bonds that bear a Certificate of Authentication in the form set forth in Exhibit "A" attached hereto, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this Resolution.

In case any of the officers who shall have executed the Series 2007 Bonds shall cease to be such officer or officers of the District before the Series 2007 Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the District, such Series 2007 Bonds may nevertheless be authenticated, delivered, and issued and upon such authentication, delivery, and issuance, shall be as binding upon the District as though those who signed the same had continued to be such officers of the District. The Series 2007 Bonds may also be signed and attested on behalf of the District by such persons as at the actual date of execution of the Series 2007 Bonds shall be the proper officers of the District, although at the original date of the Series 2007 Bonds any such person shall not have been such officer.

Section 5: PLACE AND MANNER OF PAYMENT

A. Payable in Lawful Money. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America to the Registered Owner thereof, whose name and address shall appear on the registration books of the District (the "Bond Register") maintained by the Bond Registrar, hereinafter appointed.

B. Due Date. Payment of each installment of principal and interest shall be made on its annual due date to the Registered Owner whose name appears on the Bond Register as of the close of business on the fifteenth day of the calendar month of

the interest payment date, and shall be paid by check or draft of the Bond Registrar mailed to such Registered Owner on the due date at the address appearing on the Bond Register, or such other address as may be furnished in writing by such Registered Owner to the Bond Registrar.

Section 6: PLEDGE OF SPECIAL ASSESSMENTS

The District hereby covenants with the Registered Owners of the Bonds that it pledges the first proceeds of all special assessments levied upon all property benefitted by the improvements made in LID No. 2002-1 to pay the principal of and interest on the Bonds authorized herein.

Section 7: LIMITATION OF LIABILITY

The Bonds shall not constitute an indebtedness of the District within the meaning of any state constitutional provision or statutory limitation, or a charge against the general credit or taxing power of the District, and except as otherwise permitted in this Resolution, the Registered Owner of the Bonds shall have no claim against the District, its funds or property.

Section 8: REGISTRATION

A. System of Registration. The District hereby adopts a system of registration with respect to the Bonds as required by Title 57, Chapter 9, Idaho Code, as amended.

B. Appointment of Registrar. The District Treasurer is hereby appointed as Registrar, authenticating agent, paying agent, and transfer agent with respect to the Bonds. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which books are hereby defined as the "Bond Register," in which shall be maintained the names and addresses of the Registered Owners of the Bonds. Said Bond Register shall at all reasonable times be open to inspection by the District.

Section 9: ACTS OF REGISTERED OWNERS; EVIDENCE OF OWNERSHIP

Any action to be taken by Registered Owners may be evidenced by one or more concurrent written instruments of similar tenor, signed or executed by such Registered Owners in person or by agent appointed in writing. The fact and date of the execution by any person of any such instrument may be proved by acknowledgment before a notary public or other officer empowered to take an acknowledgment, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and

date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Registrar deems sufficient. The ownership of the Bonds shall be proved by the Bond Registrar. Any action by the Registered Owner of any Bond shall bind all future Registered Owners of the same bond in respect to anything done or suffered by the District or the Registrar in pursuant thereof.

Section 10: TRANSFER OF BONDS

A. Bond Register. The Bonds may be transferred only upon the Bond Register, upon the surrender thereof at the principal office of the Registrar, together with a form of transfer duly executed by the Registered Owner or his attorney duly authorized in writing, substantially in the form set forth in the form of the Bonds referred to herein. Upon the transfer of a Bond, there shall be issued in the name of the transferee or transferees a new fully registered Bond of the same aggregate principal amount as the surrendered Bond. The new Bond shall bear the same date as the date of the surrendered Bond, but shall bear interest from the immediately preceding interest payment date to which interest has been paid or duly provided for.

B. Exchange or Transfer. The Registrar shall not be required to exchange or transfer the Bond after the Registrar's close of business on the last business day of the month next preceding such interest payment date or, in the case of redemption of the Bond, within fifteen (15) days of mailing the notice of redemption.

Section 11: REDEMPTION OF THE BONDS

A. Optional Redemption. The District has reserved the right to redeem any portion of the Bonds on any interest payment date, in such amount as the District Treasurer has cash in the Bond Fund to pay the same over and above amounts to pay principal due on the next principal payment date.

B. Effect of Redemption. When so called for redemption, the Bonds shall cease to accrue interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding as of such redemption date.

C. Notice of Redemption. Unless waived by the Registered Owner of any Bond to be redeemed, notice of any intended redemption shall be given not less than ten (10) nor more than thirty (30) days prior to the redemption date by first class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register. The requirements of this Resolution shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the Registered Owner of such Bond.

D. Voluntary Redemption Notice. If the Bonds are converted to fully registered serial bonds as provided for herein, in addition to the notice required by

Section B, above, further notice may be given by the Bond Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in said Section B.

(1) Each further notice of redemption given hereunder may contain the following information:

(a) the redemption date;

(b) the redemption price;

(c) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;

(d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar;

(f) the CUSIP numbers of all Bonds being redeemed, if any;

(g) the date of issue of the Bonds as originally issued;

(h) the rate of interest borne by each Bond being redeemed;

(i) the maturity date of each Bond being redeemed; and

(j) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption may be sent at least ten (10) days before the redemption date by registered or certified mail or overnight delivery service to:

(a) all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds, such depositories now being:

(i) The Depository Trust Company, New York, New York,

(ii) Philadelphia Depository Trust Company, Philadelphia, Pennsylvania; and to

(b) one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Moody's Municipal and Government, or Standard & Poor's Called Bond Record).

(3) Each such further notice may be published one time in a newspaper of general circulation in Bonner County, Idaho, and in the Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Registered Owners of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least ten (10) days prior to the date fixed for redemption.

(4) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

E. Open Market Purchase and Cancellation. The District hereby reserves the right to purchase the Bonds on the open market at any price. In the event that the District shall purchase the Bonds at a price (exclusive of accrued interest) of less than the principal amount thereof, the Bonds so purchased shall be credited at the par amount thereof against the debt service requirement. All Bonds so purchased shall be canceled.

Section 12: LOST, STOLEN, MUTILATED OR DESTROYED BONDS

In case any Bonds shall be lost, stolen, mutilated or destroyed, the Bond Registrar may authenticate and deliver a new Bond of like date, denomination, number, tenor and effect to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the District in connection therewith and upon his filing with the Bond Registrar and the District evidence satisfactory to the Bond Registrar and the District that such Bond was actually lost, stolen, mutilated or destroyed and of his ownership thereof, and upon furnishing the Bond Registrar and the District with indemnity satisfactory to the Bond Registrar and the District.

Section 13: BOND FUND AND INTEREST FUND

A. Receive and Collect Assessments. The Treasurer is hereby authorized and empowered and it shall be his duty to receive and collect assessments levied on property within LID No. 2002-1 to pay the costs of improvements therein, the installments thereof, the interest thereon, and the penalties accrued, and to pay and disburse such payments to the person or persons lawfully entitled to receive the same,

in accordance with the laws of the State of Idaho and all Resolutions and resolutions of the District.

B. Bond Fund. All moneys constituting payment of principal on said unpaid installments of assessments for LID No. 2002-1 are to be deposited into a special fund to be known as the "Coolin Sewer District Local Improvement District No. 2002-1 Bond Fund" (the "LID No. 2002-1 Bond Fund") which is hereby created, and shall be used and applied for the purpose of paying the principal of the Bonds herein authorized and for no other purpose whatsoever, and as security for such payment the LID No. 2002-1 Bond Fund is hereby pledged.

C. Interest Fund. All moneys constituting payment of interest on said unpaid installments of assessments for LID No. 2002-1 are to be deposited into a special fund, designated "Coolin Sewer District Local Improvement District No. 2002-1 Interest Fund" (the "LID No. 2002-1 Interest Fund"), which is hereby created, and shall be used and applied for the purpose of paying the interest on the Bonds herein authorized and for no other purpose whatsoever, and as security for such payment the LID No. 2002-1 Interest Fund is hereby pledged.

D. Payment of Principal and Interest. Both principal of and interest on the Bonds are payable only out of said Bond Fund and Interest Fund, or out of the Local Improvement Guarantee Fund to the extent of such fund and not otherwise.

E. Deposits. Moneys in the Bond Fund and Interest Fund shall be deposited in such bank or banks as are designated as depositories of public moneys for the funds of the District under the depository laws of the State of Idaho for the deposit of public funds or investments as provided by law. Interest received on such funds to be deposited or invested shall be placed to the credit of the fund from which it was earned.

Section 14: GUARANTEE FUND

There is hereby established a special fund designated the Coolin Sewer District Local Improvement District No. 2002-1 Guarantee Fund (the "Guarantee Fund"). The District hereby covenants to deposit Two Hundred One Thousand (\$201,000) into the Guarantee Fund from payments received from assessments and other legally available sources (including the tax levy provided by Idaho Code Section 50-1762). The District hereby covenants that the balance in the Guarantee Fund will be not less than five percent (5.00%) of the principal balance of all local improvement district bonds and warrants of the District outstanding. If the Guarantee Fund is drawn upon the District shall restore the balance within thirty-six (36) months from the date of the draw or the District will levy a tax as provided by Idaho Code Section 50-1762 to restore the balance within the next fiscal year.

Section 15: LID NO. 2002-1 CONSTRUCTION FUND

A. Creation of Fund. There is hereby created a special fund designated the Coolin Sewer District Local Improvement District No. 2002-1 Construction Fund (the "LID No. 2002-1 Construction Fund") which shall be maintained by the Treasurer and into which shall be deposited the proceeds of the sale of the Bonds.

B. Use of Fund. Moneys in the LID No. 2002-1 Construction Fund shall be used for the payment of part of the cost and expense of the acquisition, construction and installation of the improvements made within LID No. 2002-1.

C. Interest and Other Monies. All interest earnings on moneys invested from the LID No. 2002-1 Construction Fund shall be deposited into said Construction Fund. The District's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into said Construction Fund to assure the completion of the Project.

D. Funds Remaining. When improvements have been completed and all costs thereof paid in full, any funds remaining in the LID No. 2002-1 Construction Fund (or so much thereof as may be needed) shall be transferred to the Bond Fund created by the Bond Resolution and used to pay the principal of and interest on the outstanding Bonds.

Section 16: SALE OF THE BONDS

The sale of the Series 2007 Bonds in the aggregate principal amount of \$3,319,000 to the State of Idaho Department of Environmental Quality is hereby approved.

Section 17: ARBITRAGE; SPECIAL TAX COVENANTS

A. Compliance. The District shall comply with the provisions of this Section unless, in the written opinion of Wetzel & Wetzel, P.L.L.C., or other nationally recognized bond counsel to the District, such compliance is not required in order to maintain the exemption of the interest on the Bonds from federal income taxation.

B. Arbitrage Bonds. The District hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the District which may be deemed to be proceeds of such Bond pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder (the "Code") which will cause the Bonds to be an "arbitrage bond" within the meaning of said Section. The District will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) throughout the term of the Bonds.

C. Registration. The District hereby further covenants that it will comply with the registration requirements of Section 149(a) of the Code so long as any of the Bonds are outstanding.

D. Private Activity Bond. The District hereby further covenants that it will not take any action or permit any action to be taken that would cause the Bonds to constitute a "private activity bond" under Section 141 of the Code.

Section 18: EXEMPTION FROM ARBITRAGE REBATE REQUIREMENTS

The District hereby covenants and represents that it reasonably expects that all of the proceeds of the Bonds will be expended within six (6) months after their date of issuance, accordingly the District is not required to comply with the Arbitrage Rebate Rules by virtue of Section 148(f)(4)(B) of the Code.

The District hereby covenants and represents that it will not issue more than \$5,000,000 of tax-exempt obligations during the 2003 calendar year. Accordingly, the District is not required to comply with the Arbitrage Rebate Rules by virtue of Section 148(C) of the Code.

Section 19: BANK ELIGIBLE

The District hereby designates the Bonds as "Qualified Tax-Exempt Obligations" pursuant to and as defined in Section 265(b) of the Code. The District covenants that it shall not designate more than \$10,000,000 of tax-exempt obligations during the calendar year 2003. The District does not reasonably anticipate that it will issue in the aggregate more than \$10,000,000 principal amount of tax-exempt obligations during the calendar year 2003. In applying this \$10,000,000 limitation, the District has taken into account (1) tax-exempt obligations that it has issued and anticipates issuing, (2) tax-exempt obligations that any "subordinate entity" has issued or anticipates issuing, (3) tax-exempt obligations that any entity that issues obligations on behalf of the District has issued or anticipates issuing, and (4) tax-exempt obligations that an entity formed to avoid this \$10,000,000 limitation has issued or anticipates issuing. However, in applying this \$10,000,000 limitation, the District need not take into account any private activity bond (other than qualified 501(c)(3) bonds) and any obligation issued to refund (other than in an advance refunding) another obligation to the extent that the amount of the refunding obligation does not exceed the amount of the refunded obligation.

Section 20: FEDERAL GUARANTY PROHIBITION

The District covenants that so long as the Bonds are outstanding, it will not take any action or permit or suffer any action to be taken if the result thereof would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and any Regulations promulgated thereunder.

Section 21: DECLARATION TO REIMBURSE

The District hereby declares that it intends to issue Bonds to reimburse the District for preliminary expenditures made to secure the capital improvements for the Project as described herein. The District reasonably expects to reimburse these expenditures with proceeds from the Bonds to be issued for the Project. This declaration is intended to be a declaration of official intent under the Department of Treasury, IRS Regulations CFR 1.103-18 "Proceeds of Bonds Used for Reimbursement." A general, functional description of the Project is described herein. The maximum principal amount of the Bonds expected to be issued for reimbursement is \$1,460,000. Reimbursing the expenditures for the Project is consistent with the financial and budgetary circumstances of the District and the proceeds of the Bonds shall not be used in any manner inconsistent with the intent of and provisions found in CFR 1.103-18 "Proceeds of Bonds Use for Reimbursement." This declaration of intent to reimburse shall be available for public inspection at the District Secretary's Office of Bonner County, Idaho, from and after its passage.

Section 22: COMPLIANCE WITH THE CODE

The District covenants to comply with the provisions of the Resolution pertaining to the Code unless, in the written opinion of Wetzel & Wetzel, P.L.L.C. or other nationally recognized bond counsel to the District, such compliance is not required in order to maintain the exemption of the interest on the Bond from federal income taxation.

Section 23: AMENDMENTS

A. Supplemental Resolution. The Board from time to time and at any time may adopt an Resolution or Resolutions supplemental hereto, which Resolution or Resolutions thereafter shall become a part of this Resolution, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the District in this Resolution, other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the Registered Owner of the Bond, or to surrender any right or power herein reserved.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this Resolution or any Resolution authorizing future Bonds in regard to matters or questions arising under such Resolutions as the Board may deem necessary or desirable and not inconsistent with such Resolutions and which shall not adversely affect, in any material respect, the interest of the Registered Owner of the Bonds.

Any such supplemental Resolution may be adopted without the consent of the Registered Owner of the Bond at any time outstanding, notwithstanding any of the provisions of subsection B of this section.

B. Consent of Owners. With the consent of sixty-five percent (65%) of the Registered Owners of the Bond, the Board may adopt an Resolution or Resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Resolution or of any supplemental Resolution; provided, however, that no such supplemental Resolution shall extend the fixed maturity of the Bond, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof or change the redemption provisions, without the consent of the Registered Owner of the Bond.

It shall not be necessary for the consent of the Registered Owner of the Bond under this subsection B to approve the particular form of any proposed supplemental Resolution, but it shall be sufficient if such consent shall approve the substance thereof.

C. Modified and Amended. Upon the adoption of any supplemental Resolution pursuant to the provisions of this section, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the District under this Resolution and the Registered Owners of the Bond hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all terms and conditions of any such supplemental Resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

D. Bond Notation. Bonds executed and delivered after the execution of any supplemental Resolution adopted pursuant to the provisions of this section may have a notation as to any matter provided for in such supplemental Resolution, and if such supplemental Resolution shall so provide, new Bonds so modified as to conform in the opinion of the Board, to any modification of this Resolution contained in any such supplemental Resolution, may be prepared and delivered without cost to the Registered Owner of the affected Bond and surrendered for cancellation of such Bond, in any equal principal amount.

Section 24: UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

A. Contract/Undertaking. This section constitutes the District's written undertaking for the benefit of the owners of the Series 2007 Bonds as required by Section 15c2-12(b)(5) of the Rule. The Bond has been sold to a buyer qualifying as a "sophisticated purchaser" and continuing disclosure is therefore not required for the Bond.

Section 25: NO PERSONAL RECOURSE

No recourse shall be had for any claim based on the Resolution or on the Bonds against any member, officer or employee, past, present or future, of the District or of any successor body as such, either directly or through the District or such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 26: SUCCESSORS AND ASSIGNS

All the covenants, promises and agreements in this Resolution contained by or on behalf of the District, or by or on behalf of the Registrar, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 27: HEADINGS FOR CONVENIENCE ONLY

The descriptive headings of this Resolution are inserted for convenience only and shall not control or affect the meaning or construction of any provision thereof.

Section 28: APPLICABLE LAW

This Resolution shall be governed by and construed in accordance with the laws of the State of Idaho.

Section 29: SUBSTITUTE NOTICE

If for any reason it shall be impossible to make publication of any notice required hereunder in a newspaper or newspapers, then such publication or other notice in lieu thereof as shall be made with the approval of the Registrar, shall constitute as sufficient giving of such notice.

Section 30: SEVERABILITY

If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

Section 31: ADDITIONAL AUTHORITY

The Chairman, Secretary, and Treasurer and other officials of the District are hereby authorized to do or perform all such acts, to complete other documents, and to execute all such certificates, documents, and other instruments as may be necessary or

advisable to carry this Resolution into effect.

Section 32: RATIFICATION

All action heretofore taken by the Board, and the employees of the District (not inconsistent with the provisions of this Resolution), in connection with the making of said acquisitions and improvements within and for LID No. 2002-1, and the issuance of the Bonds, are hereby in all respects ratified, approved and confirmed.

Section 33: EFFECTIVE DATE

This Resolution shall take effect and be in force from and after its passage and approval.

Section 34: PUBLICATION OF RESOLUTION

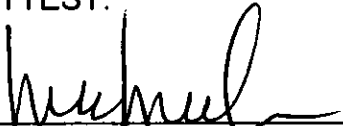
Pursuant to Idaho Code Section 50-1727, this Resolution or a summary thereof may be published once in the official newspaper of the District.

DATED this 1st day of May 2007.

COOLIN SEWER DISTRICT
Bonner County, Idaho

Chairman

ATTEST:



District Secretary

(S E A L)

I, the undersigned Secretary of the Coolin Sewer District, Bonner County, Idaho, hereby certify that the foregoing Resolution is a full, true, and correct copy of an Resolution duly adopted at a regular meeting of the District of said District, duly and held at the regular meeting place thereof held on May 1, 2007, of which meeting all members of said Board had due notice and at which a majority thereof were present; and that at said meeting said Resolution was adopted by the following vote:

AYES, and in favor thereof: 4

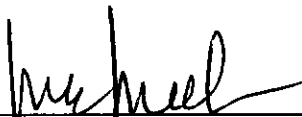
NOES: 0

ABSENT: 1

ABSTAIN: 0

I further certify that I have carefully compared the same with the original Resolution on file and of record in my office; that said Resolution is a full, true, and correct copy of the original Resolution adopted at said meeting; and that said Resolution has not been amended, modified, or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of said District on May 1, 2007.



District Secretary

(SEAL)

RE: CSD - Rate Study



Jordan Brooks <jordan@coolinsewerdistrict.com>

To Kyle Meschko; Jake Copeland

Cc Zack Wallin

Reply Reply All Forward

Thu 10/19/2023 9:20

RFI #1

#4 – yes, the current user rates are \$225/ERU per quarter

#5 – yes, the hookup fee is \$5,000

#6 – sent in separate email

Thank you,

Jordan Brooks

Clerk | Treasurer

Coolin Sewer District

208.290.3318

www.coolinsewerdistrict.com

Attachment B

Short Lived Assets and Long-Term Assets

Classification	Category	Item	Quantity	Units	Unit price	Replacement cost	Year placed in service	Expected Useful life	Estimated replacement year	Life Cycle Cost (\$/yr)	LT	SLA
LT	Collection	Pipe (4" and smaller)	69,390	LF	\$ 175	\$ 12,143,250	1972	50	2022	\$ 242,865	\$ 242,865	\$ -
SLA	Collection	Air/Vacuum valves	21	EA	\$ 9,000	\$ 189,000	2007	10	2017	\$ 18,900	\$ -	\$ 18,900
SLA	Collection	Control Panels	533	EA	\$ 3,500	\$ 1,865,500	2007	15	2022	\$ 124,367	\$ -	\$ 124,367
LT	General	Generators	2	EA	\$ 75,000	\$ 150,000	2022	20	2042	\$ 7,500	\$ 7,500	\$ -
SLA	Reuse	Irrigation Pumps	2	EA	\$ 100,000	\$ 200,000	2020	15	2035	\$ 13,333	\$ -	\$ 13,333
SLA	General	SCADA/Alarms	1	LS	\$ 100,000	\$ 100,000	2007	15	2022	\$ 6,667	\$ -	\$ 6,667
SLA	Collection	Service Truck	1	EA	\$ 90,000	\$ 90,000	2022	15	2037	\$ 6,000	\$ -	\$ 6,000
SLA	Storage/Treatment	Blowers	2	EA	\$ 75,000	\$ 150,000	2007	20	2027	\$ 7,500	\$ -	\$ 7,500
SLA	Storage/Treatment	Chlorine System	1	LS	\$ 75,000	\$ 75,000	2007	30	2037	\$ 2,500	\$ -	\$ 2,500
LT	Storage/Treatment	Controls/Electrical	1	LS	\$ 100,000	\$ 100,000	2007	20	2027	\$ 5,000	\$ 5,000	\$ -
SLA	Collection	Effluent Pumps	312	EA	\$ 3,500	\$ 1,092,000	2007	20	2027	\$ 54,600	\$ -	\$ 54,600
LT	Storage/Treatment	Fence	3,000	LF	\$ -	\$ -	2007	50	2057	\$ -	\$ -	\$ -
SLA	Collection	Grinder Pumps	221	EA	\$ 3,500	\$ 773,500	2007	20	2027	\$ 38,675	\$ -	\$ 38,675
LT	Collection	Grinder Tanks	221	EA	\$ 3,000	\$ 663,000	2007	30	2037	\$ 22,100	\$ 22,100	\$ -
LT	Reuse	Irrigation Pipe	15,633	LF	\$ 100	\$ 1,563,300	2007	50	2057	\$ 31,266	\$ 31,266	\$ -
LT	Storage/Treatment	Lagoon Liner	562,500	SF	\$ 3	\$ 1,406,250	2007	40	2047	\$ 35,156	\$ 35,156	\$ -
SLA	Collection	Lift Station Pumps	4	EA	\$ 50,000	\$ 200,000	2019	20	2039	\$ 10,000	\$ -	\$ 10,000
LT	Collection	Lift Station Replacement	2	EA	\$ 1,250,000	\$ 2,500,000	2007	50	2057	\$ 50,000	\$ 50,000	\$ -
LT	Storage/Treatment	WWTP Building	1	EA	\$ 1,000,000	\$ 1,000,000	2007	50	2057	\$ 20,000	\$ 20,000	\$ -
LT	Storage/Treatment	Irrigation Valve Box	1	EA	\$ 500,000	\$ 500,000	2007	50	2057	\$ 10,000	\$ 10,000	\$ -
LT	General	Office/Shop	1	LS	\$ 500,000	\$ 500,000	1973	40	2013	\$ 12,500	\$ 12,500	\$ -
LT	Collection	Pipe (6" and larger)	27,350	LF	\$ 260	\$ 7,111,000	2007	60	2067	\$ 118,517	\$ 118,517	\$ -
LT	Storage/Treatment	Piping	1,200	LF	\$ 200	\$ 240,000	2007	50	2057	\$ 4,800	\$ 4,800	\$ -
LT	Collection	Septic Tanks	312	EA	\$ 7,500	\$ 2,340,000	2007	30	2037	\$ 78,000	\$ 78,000	\$ -
LT	Reuse	Sprinkler heads	108	EA	\$ 500	\$ 54,000	2007	20	2027	\$ 2,700	\$ 2,700	\$ -

LT	Long Term
SLA	Short Lived Asset

	\$ 640,404	\$ 282,542
Total Annual Replacement Budget (fully funded, no contingency, 2023 dollars)	\$ 922,946	

Attachment C

Sewer Rate Model

Coolin Sewer District
 2023 User Rate Study
 Sewer Historic and Forecast of Revenues and Expenses

	Historic 2018	Historic 2019	Historic 2021	Budget 2022	Historic 2023	Baseline 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027
User Rate % Annual Increase								5.0%	5.0%	5.0%
Number of ERUs		543	608	621	633	633	633	633	633	633
Number of ERUs Added							0	0	0	0
User Rate (\$/ERU/Quarter)	\$125.00	\$125.00	\$125.00	\$125.00	\$225.00	\$225.00	\$360.00	\$378.00	\$396.90	\$416.75
User Rate (\$/ERU/Month)	\$41.67	\$41.67	\$41.67	\$41.67	\$75.00	\$75.00	\$120.00	\$126.00	\$132.30	\$138.92
Hookup Fee	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,250.00	\$5,512.50	\$5,788.13
Revenues										
Charges for Services					\$ 547,271	\$ 569,700	\$ 911,520	\$ 957,096	\$ 1,004,951	\$ 1,055,198
LID income	Not used-Rate increase took effect in 2023				Not a useable income					
Hook Ups					\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous					\$ 136,045	\$ 136,045	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 217,676	\$ 358,731	\$ 446,360	\$ 486,960	\$ 693,316	\$ 705,745	\$ 911,520	\$ 957,096	\$ 1,004,951	\$ 1,055,198
Expenditures										
Operational+maintenance	\$ 236,099	\$ 244,776	\$ 212,386	\$ 219,890	\$ 431,335	\$ 431,335	\$ 542,901	\$ 570,046	\$ 598,549	\$ 628,476
Debt-LID					\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Capital (historic)	\$ 145,683	\$ 145,005	\$ 92,100	\$ 150,000	\$ 17,339	\$ 145,683	\$ -	\$ -	\$ -	\$ -
Short Lived Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,542	\$ 296,669	\$ 311,502	\$ 327,077
10% Long Term Projects funded	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,040	\$ 67,242	\$ 70,605	\$ 74,135
Total Expenditures	\$ 381,782	\$ 389,781	\$ 304,486	\$ 369,890	\$ 448,673	\$ 592,018	\$ 904,483	\$ 948,957	\$ 995,655	\$ 1,044,688
Final Budget										
Ending Fund Balance					\$ 244,643		\$ 7,037	\$ 8,139	\$ 9,295	\$ 10,510

Inputs

5%	Inflation
5%	Annual User Rate Increase
\$ 135	Rate Increase (ERU/Quarter)
0	New Connections per year
0%	Percent Contingency on projects
10%	Percent Long Term funded

Notes

Expenditures-red
Revenues-green
Historic 2023 reports actual income/expenses
Baseline 2023 uses Historic 2023, along with key assumptions, to establish 2023 planning level budget
Change Rate Increase (ERU/Quarter) to Balance
Final Budget

Item	Annual Cost	Comment(s)
Additional Operator	\$ 50,000	Full or part time operator to assist Chris
Increased Lease Expense	\$ 30,000	Existing lease is \$15,000 annually. Lease is expected to triple. It is assumed that \$15,000 is already included in 2018-2023 CSD budget
Annual savings for IDL Land swap	\$ 10,000	IDL hinted at a land swap being a possibility in the future. This line item includes savings to save to acquire the land
Total	\$ 90,000	