



CITY OF
POSTFALLS, IDAHO
Comprehensive Annual
Financial Report

For the Year Ended September 30, 2017



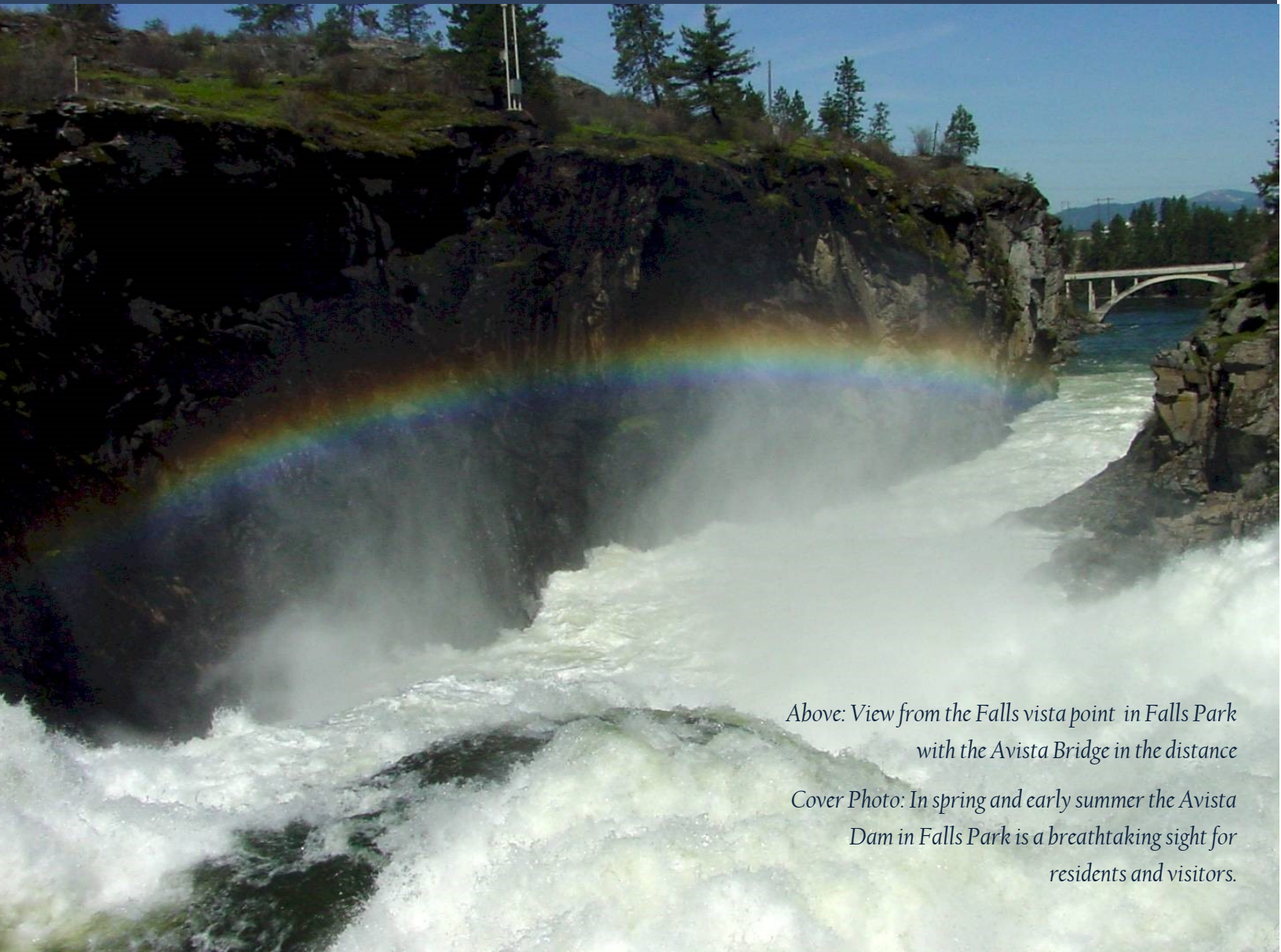
CITY OF POST FALLS, IDAHO

2017

Comprehensive Annual Financial Report

For the Year Ended September 30, 2017

Compiled by:
Jason Faulkner
Director of Finance and Support Services



*Above: View from the Falls vista point in Falls Park
with the Avista Bridge in the distance*

*Cover Photo: In spring and early summer the Avista
Dam in Falls Park is a breathtaking sight for
residents and visitors.*

City of Post Falls, Idaho
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017

Table Of Contents

	<u>Exhibit No.</u>	<u>Page No.</u>
INTRODUCTORY SECTION		
Transmittal Letter		1
Certificate of Achievement		10
Organizational Chart		11
City of Post Falls Elected and Appointed Officials		12
FINANCIAL SECTION		
Independent Auditor's Report		13
Management's Discussion and Analysis		16
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	1	29
Statement of Activities	2	30
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	31
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds	4	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	5	33
Statement of Net Assets – Proprietary Funds	6	34
Statement of Revenue, Expenses, and Changes in Fund Net Assets – Proprietary Funds	7	35
Statement of Cash Flows – Proprietary Funds	8	36
Notes To General Purpose Financial Statements		37
Required Supplementary Information		
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Budgetary Basis) - General Fund - Legal Appropriation Level	A-1	73
Schedule of Employer's Share of Net Pension Liability	A-2	74
Schedule of Employer Contributions	A-3	75
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet – Nonmajor Governmental Funds	B-1	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	B-2	77
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: (Non-GAAP Budgetary Basis) - Legal Appropriation Level		
LID 2004-1 Debt Service Fund	C-1	78
Capital Fund	C-2	79
Cemetery Perpetual Care Special Revenue Fund	C-3	80
HUD Loan Special Revenue Fund	C-4	81
Falls Park Signs Special Revenue Fund	C-5	82
Special Events Special Revenue Fund	C-6	83
Street Lights Special Revenue Fund	C-7	84
911 Support Special Revenue Fund	C-8	85
Drug Seizure Special Revenue Fund	C-9	86
LID 99-1 Debt Service Fund	C-10	87
LID Guarantee Debt Service Fund	C-11	88

**City of Post Falls, Idaho
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2017**

Table Of Contents - continued

	<u>Exhibit No.</u>	<u>Page No.</u>
STATISTICAL SECTION		
Statistical Section		
Table 1 - Net Assets By Components - Last Ten Years		89
Table 2 - Change in Net Assets - Last Ten Years		90
Table 3 - Governmental Activities Tax Revenues By Source - Last Ten Years		92
Table 4 - Changes in Fund Balances, Governmental Funds - Last Ten Years		93
Table 5 - Changes in Fund Balances of Governmental Funds - Last Ten Years		94
Table 6 - General Government Tax Revenues By Source - Last Ten Years		95
Table 7 - Assessed Value and Estimated Actual Values of Taxable Property - Last Ten Years		96
Table 8 - Property Tax Rates - Direct and Overlapping Governments		97
Table 9 - Principal Property Taxpayers		98
Table 10 - Property Tax Levies and Collections		99
Table 11 - Ratio of Outstanding Debt By Type - Last Ten Years		100
Table 12 - Ratio of General Bonded Debt Outstanding - Last Ten Years		101
Table 13 - Direct and Overlapping Governmental Activities Debt		102
Table 14 - Legal Debt Margin Information - Last Ten Years		103
Table 15 - Pledged-Revenue Bond Coverage - Reclaimed Water Fund - Last Ten Years		104
Table 16 - Pledged-Revenue Bond Coverage - Water Fund - Last Ten Years		105
Table 17 - Pledged-Revenue Bond Coverage - Special Assessments - Last Ten Years		106
Table 18 - Demographic and Economic Statistics - Last Ten Years		107
Table 19 - Principal Employers		108
Table 20 - Full-Time Equivalent Town Government Employees By Function - Last Ten Years		109
Table 21 - Operating Indicators By Function - Last Ten Years		110
Table 22 - Capital Asset Statistics By Function - Last Ten Years		111
Table 23 - Statistical Information - Water Fund		112
Table 24 - Statistical Information - Reclaimed Water Fund		113
Table 25 - Ten Largest Water Customers		114
Table 26 - Ten Largest Reclaimed Water Customers		115
Table 27 - Insurance Schedule		116
REPORT BY AUDITORS		
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		117
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		119
Schedule of Expenditures of Federal Awards		121
Notes to Schedule of Expenditures of Federal Awards		122
Schedule of Findings		123



Introductory Section

Falls Park

Just a short walk from City Center, Falls Park reveals the many faces of the City's parks. The 22-acre park showcases the Avista Dam, the Falls and gorge from accessible paved pathways and vista points. In addition, there are historical interpretive signs, picnic shelters, restrooms a playground, and an ADA compliant playground. Visitors to Falls Park enjoy the natural beauty of the surrounding mountains and the Spokane River from one of our most beautiful parks.



May 23, 2018

The Honorable Mayor, Members of the City Council and the Citizens of Post Falls, Idaho:

The Comprehensive Annual Financial Report of the City of Post Falls for the year ended September 30, 2017, is hereby submitted as mandated by both local ordinances and state statutes. The City is required to issue an annual report on its financial position and activity. This report must be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Post Falls. All disclosures necessary to enable the reader to gain an understanding of the City of Post Falls' activities have been included.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reports to the City of Post Falls for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Post Falls' MD&A can be found immediately following the report of the independent auditors.

Governmental Structure

The financial reporting entity, an Idaho municipality, includes all the funds of the City of Post Falls, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including water, reclaimed water and sanitation utilities, police, animal control, parks and recreation programs, planning and zoning, cemetery services, urban forestry services, streets, building and engineering functions.

The accompanying financial statements include all aspects controlled by the City Council of the City of Post Falls. Criteria for inclusion is determined by Governmental Accounting Standards Board Statement No. 14 (GASB No. 14) which states, in general, that the legally separate organizations for which the elected officials of the City are financially accountable for must be included in the City's financial statement as a component unit.

Under Idaho Code, in May 1991, the Post Falls City Council passed an ordinance that created the Post Falls Urban Renewal Agency (the Agency), a legally separate entity from the City. The Agency was established to promote urban development and improvement in blighted areas in and around the City. A board of seven directors, appointed by the City Council, governs the Agency. This power of the City meets the criteria set forth in GASB No. 14 for having financial accountability for the Agency. Based on the above, the Agency has been discretely presented in the accompanying financial statements of the City as a component unit.

Under Idaho Code, the Agency has the authority to issue bonds. Any bonds issued by the Agency are payable solely from the proceeds of tax increment financing, and are not a debt of the City. The City Council is not responsible for approving the Agency budget or funding any annual deficits. The Agency controls its disbursements independent of the City Council.

Economic Conditions and Outlook

The City of Post Falls has grown from 7,350 residents in 1990 to an estimated 35,200 at the end of 2017. This influx of new residents has resulted in a strong construction industry. Post Falls grew at a more modest annual growth rate of approximately 2.4% between 2010 through 2015, compared to the 4.8% annual growth rate experienced between 2000 and 2010. 2015 brought signs of change as Post Falls grew at a higher 3.76% growth rate. In 2016, new dwelling units increased 673 units which equated to a growth rate of 5.56%. Of the 673 units, 342 of them were single family residential homes. This energy remained strong in 2017 as there was an additional 355 single family homes and 238 multifamily units permitted resulting in a net gain of 593 multi-family units a growth rate of approximately 4.47%. 2018 may be the year Post Falls sets a record in total number of units added to Post Falls, due to the number of inquiries in creating multi-family in close proximity to commercial corridors within Post Falls. It is very common for commercial corridors being supported by high density residential housing in close proximity. The commercial area along Seltice Way between Spokane Street and Highway 41 is the only area within Post Falls that has some degree of multi-family in close proximity to a commercial corridor and may be why this area has realized more commercial development than other areas similar levels of traffic flow. Therefore, with additional multi-family that may be developed nearby and along currently undeveloped commercial corridors, Post Falls may see land that has been sitting vacant for some time be commercially developed in 2018 and 2019. Post Falls may grow to over 37,000 in 2018.

Post Falls, Idaho is an inviting place to live, work and play. Its proximity to numerous lakes, rivers and mountains offers a quality of life that is highly desirable. Just minutes to the east is Coeur d'Alene, ID, with a reputation as a world travel destination due to the five-star Coeur d'Alene Resort and golf course with a floating green. To the west is the largest city in the region, Spokane, WA with a population of approximately 250,000. Post Falls' unique location between these two diverse cities offers Post Falls' residents varied opportunities in their lifestyle, recreation and business opportunities. The I-90 corridor, connecting Spokane and Post Falls/Coeur d'Alene, continues to be a hub of business growth. This is reflected in an increasing number of retail, health care and manufacturing businesses locating in the City.

Traditionally, Kootenai County's economy was timber-based. The economy has become more diverse with an increase in manufacturing, health care, retail, and tourism. Jobs Plus, Inc., this area's economic development organization has recruited small to medium sized firms to the county. With the assistance of Jobs Plus, Inc. and the Post Falls Urban Renewal Agency to help build infrastructure, Post Falls can assist in relocating or establishing new businesses within the community. Post Falls also offers an extremely expedited permitting process to assist business development.

The Urban Renewal Agency has also played a key role in developing and creating jobs throughout the community. The Urban Renewal Agency and Community Development Block Grant funds helped pay for the necessary infrastructure in the West Post Falls Urban Renewal District, including the water reservoir, which helped attract Sysco, Cabela's and a second Wal-Mart to Post Falls and will assist with developing The Pointe at the Post Falls retail area. The joint efforts by Jobs Plus, Inc., Post Falls Urban Renewal Agency, Panhandle Area Council and the City have brought a number of other businesses to Post Falls, including Center Partners, Buck Knives, two Wal-Mart stores, ALK-Abello Source Materials, Ground Force Manufacturing and UnderGround Force, Ednetics, C&S Glass, Love's Travel Center, Carl's Jr., Burger King, Subway, the State of Idaho Department of Labor. In addition, the infrastructure was completed within the City Center on the first phase of the Post Falls Landing project which has been designed to accommodate a mix of uses including commercial, office and residential when developed. A Community Development Block Grant for \$500,000 helped fund public infrastructure to support the new business venture of Ground Force Worldwide, known as UnderGround Force Manufacturing, which is located along East Seltice Way. In exchange for the funding, the company created more than 50 manufacturing jobs in Post Falls.

Post Falls experienced additional commercial and industrial development growth in 2015. As of December 31, 2015, there were 932 licensed businesses in the City of Post Falls, which was an increase from the 889 from the prior year.

In 2013, Hayden Beverage relocated to Post Falls from Coeur d'Alene. Romney Motion, an aerospace company, relocated to Post Falls from Liberty Lake, WA. Blue Dog RV expanded their business further in 2015. H&E Equipment, Cem Lifts, and Phones Plus opened in 2013. Post Falls' emerging medical community continued to grow with the opening of the Rehabilitation Hospital of the Northwest, Premier Urgent Care, Pleasant View Surgery Center, and Spine Center Surgical. Aided by generous community support, the Boys and Girls Club of Kootenai County also opened their 10,000 square foot facility.

In 2014, along Mullan Avenue, between Idaho Street and west of HWY 41, two used car lots (Midway Automotive and The Car Lot) were added. Emergency Pet Care applied for an expansion of their operation to facilitate both a new incinerator (processing deceased animals) and an area for a new private classroom (provides for an additional use at the facility). West Post Falls finally experienced an investment in the old vacant Burger King (5+ years of being vacant) as a tenant improvement for the establishment of a Trucking Insurance Company. Another vacant building that had additional investments into it and experienced a makeover is the old retail fireplace building within the Riverbend Commerce Park and now is home to Quest Integration. Realizing re-investment into vacant building is a good sign for Post Falls. Also in 2014, ATC Manufacturing decided to relocate to Post Falls. ATC Manufacturing is an aerospace company providing additional manufacturing jobs in Post Falls and assisting in creating diverse economic job base for the sustainability of Post Falls.

In 2015, the Post Falls School District completed a major addition to the River City Middle School and began construction of an elementary school in the Fieldstone Subdivision. The Post Falls Brewery was one of the first developments to begin construction in the City Center Planning area for some time. A long time vacant nuisance lot, next to the 7-Eleven located at the NE corner of Idaho/Seltice Way, was developed as the Farm Bureau Office Building. Zips Drive Inn began construction of a second Zips on E. Seltice Way near O' Reilly Auto Parts. Solar Eclipse a professional tinting business expanded their operation with the construction of a second building on Mullan Ave near their existing facility. Post Falls also saw a distillery open at the south end of Boulder Court on Seltice Way. The most exciting development was the purchase of the vacant outlet mall by Tedder Industries, for their manufacturing facility.

In 2016, a significant number rooftops were added to the City of Post Falls. There were 342 single family housing unit (HU) permits issued and an additional 331 multi-family housing HU created. 2016 definitely marked the beginning of a residential construction boom, but also some major developments occurred in the commercial and industrial development sectors. Most notable was the purchase of the former Kimball Office Manufacturing facility by Orgill, Inc. Orgill is a Hardware Distributor servicing the Pacific Northwest and 3 western provinces in Canada. The Kootenai Health Medical Facility and the ALK ALBOA manufacturing facility completed major expansions. Tedder Industries completed and continues to work on tenant improvements to the old outlet mall to facilitate Tedder Industries and other commercial developments. The Post Falls Brewery and Roger's Ice Cream and Burgers are the first developments within the City Center Planning area to open for some time. Commercial infill development was occurring along Mullan Avenue west of HWY 41 and along HWY 41. Goodwill Industries was building a new 24 thousand sq. ft. facility.

In 2017, a significant number of rooftops once again were added to the City of Post Falls. 2017 was very similar 2016. There were 355 single family housing unit (HU) permits issued and an additional 238 multi-family housing HU created. Kootenai County Department of Motor Vehicles expanded their operations within the Post Falls City Center to not only do vehicle licensing, but driver's licenses as well. Popeye's Chicken opened on Highway 41. Kootenai Medical, Buck Knives, Summit Ministries, Goodwill Industries, and Riverstone Dental completed their remodels. Riverstone Dental is a new dental facility within the strip mall just north of the East Walmart in Post Falls on Mullan Avenue. Papa Murphy's relocated to this same strip mall. Orgill completed their tenant improvements and attained their Certificate of Occupancy for full operations at their facility. Tedder Industries (East Portion), Quad Park Commercial, Coachman Auto Body, Perfection Traffic Control, Post Falls Secure Storage, Ross Point Mini Storage, Trucks and Toys,

and a Remodel at Walmart are highlights of projects that commenced in 2017. Bel Cielo Apartments, Phases of Fieldstone Apartments, Pointe Apartments, River City Villa Apartments, and River City Apartments are examples of multifamily projects that commenced in 2016 and were completed in 2017.

In 2018, continued residential and commercial/industrial development is expected to remain strong. There are a number of proposed multifamily projects that are speculated to commence in 2018. It will be exciting to see what all develops in 2018.

Major Initiatives

Economic Development and Growth Management – Ongoing efforts on behalf of the City and the Post Falls Urban Renewal Agency continue to provide for growth and business attraction with the City Center area. The Greensferry Overpass was substantially completed in 2015, which adds an additional connection from the north side of Post Falls to the south side of Post Falls. This connection assists the commercial properties in the area, as well as providing more efficient connectivity for emergency services. Spokane Street improvements south of I-90 were substantially completed in 2016, with landscape beautification, traffic signalization, Centennial Trail safety improvements, and spur connections.

The City and Agency continue to work on transportation improvements within other areas of the community, including completing the Spencer Street connection to Seltice Way and a providing multi-use trail along the east side of Highway 41 that received grant funding through the Community Choices for Idaho program. This funding also has matching funds coming from the Urban Renewal Agency.

Staff continued in 2017 with economic development efforts supporting business recruitment, development of an economic development program for Post Falls, expand marketing materials, improve the effectiveness of the economic development webpage, evaluate vacant and underdeveloped land, and evaluate possible incentives to encourage infill development. Staff will also be working with city officials to evaluate existing master plans and the City's vision related to growth and desired development patterns. The City hired a consultant to update the City's Comprehensive Plan and Zoning Code. The PUD section of Title 18: Zoning Code was updated to clarify and improve the procedural process, assist development, and more accurately depict developed areas.

Public Health/Environment - The goal of effective and timely maintenance and repair of facilities and equipment is one of our highest priorities. We continue to work towards efficient, effective treatment of pollutants and provide the best service to our community. Equally important is the effort to assure that the infrastructure put in by developers, builders and private contractors is constructed to the highest possible standard while complying with recognized standards and specifications.

The Street Maintenance Division has a program of bi-weekly sweeping citywide through the summer months to help with dust control. This program has worked well to reduce dust from the traffic on our City streets.

The City has directed greater emphasis on crack sealing, seal coating and maintenance overlay of streets to preserve current paved surfaces. A program has been initiated to pave or replace badly deteriorated chip sealed streets with new pavement in residential districts. Over the last two years, we invested over \$1,000,000 in this area to improve the traveling service.

The Water Utility Division operates a water system to serve the City which consists of 9 wells and 5 reservoirs. We have a pumping capacity of 14 million gallons a day with reservoir capacity of 6.5 million gallons. The Water Utility Division is currently finalizing an update to the system Master Plan to understand necessary capital improvement and maintenance needs over the next 20 years in general and 5 years in detail.

The Water Reclamation Facility has a capacity of 4.1 million gallons a day. The City now maintains 33 lift stations to serve the community. The bio-solids from the plant are continuing to be hauled off site and are processed by Barr Tech. The bio-solids are then composted at their state of the art facilities. The Water

Reclamation Division previously purchased 628 acres of farmland for future land application for reclaimed water. An additional 245 acres of forested property was purchased for this purpose in 2016 followed by 167 acres of forested property purchased in partnership with the Parks Department in 2017.

In 2014, the City was issued a 5-year NPDES permit with some of the most stringent phosphorus removal requirements in the nation. Construction was substantially completed in late 2016 on the first of several phased upgrades toward future compliance with that permit. The permit contains a ten-year compliance schedule. A pilot test was completed to determine the appropriate technology for the next treatment plant upgrade. The next step in the compliance schedule is to design the necessary upgrades. A State Revolving Fund loan to fund the project was secured in late 2017.

The City's Surface Water program continues to maintain the drainage system and associated NPDES permit. Additionally, the City owns and maintains a large system of bio-infiltration swales which treat runoff prior to infiltration into the soil.

Other Community Services – The Parks and Recreation Department is responsible for the operations of the City's Parks, Recreation, Cemetery, and Urban Forestry divisions and assigned general city facilities. The focus of the department is to help the City meet its strategic plan goals and the more recent Initiatives program by providing programs and facilities that embrace those goals.

The focus of the department is on planning, development, and standardization of infrastructure to increase system efficiency, improving cost effectiveness, safety, and reducing liability. The department continues to comply with Americans with Disabilities Act (ADA), playground safety and environmental regulations.

Over the last few years the department has made improvements in the following areas: state of the art irrigation systems, ADA compliance, up-graded picnic shelters, modern restroom facilities, trails and pathways, maintenance equipment, trash collection, security cameras, energy efficient lighting, wildlife management, and new playground equipment. The department continues to emphasize good customer service and maximization of resources as it tries to keep up with public demand for services.

The department is faced with a continued need to coordinate its operations with a greater number of service partners and volunteers than in previous years. The increased number of special projects and community events is another area that has had an impact upon the staff and budget for the department.

Departmental Highlights of FY 2017

Police

- A 60'x40' Storage Facility was constructed on the PD campus. By storing needed equipment out of the weather the life expectancy of the equipment is extended and the current shop can be utilized for its intended purpose.
- The process of building a new Animal Facility on the PD campus has begun and they are expected to break ground in early 2018. Having all PD employees in one location will benefit not only the employees and department efficiencies, it will also benefit the general public when they need to visit the Animal Facility, as it will now be on the PD campus and not across town.

Departmental Highlights of FY 2017 – Continued

- A Robot for our SWAT (Tactical Team) has been ordered. This added equipment allows the team to use the Robot to clear targets, where before we were utilizing team members. This will increase the safety of our staff and the community.

- The Police Department received a grant for an officer whose focus is Community Outreach Programs. This officer now coordinates community events and works out of the Community Services Office.
- The department continued to offer a Concealed Carry class to the public. This class was provided due to popular demand from community members.
- The Police Department added new technology called Telogis to their new Ford SUV Police vehicles. The leading killer of U.S. law enforcement officers is police car crashes and other vehicular incidents. Ford Telematics Law Enforcement Edition is the only telematics solution developed expressly to meet the needs of law enforcement: to save lives through safer driving, deliver police fleet efficiency and offer built-in multi-layer security provisions to protect law enforcement agencies and those who serve.
- Detective Uhrig was accepted and attended the NCFI (National Computer forensic Institute). This is a Secret Service sponsored 5 week course that teaches the investigator the latest technology on recovering data from computers used in a crime. At the completion of the course the students' agency is supplied with a state of the art computer by the Federal Government. Post Falls is currently the only agency in North Idaho that is certified in the ability to recover data from a computer or other electronic device. As part of the agreement for attending the class, we provide this service to surrounding agencies as well as the Secret Service office in our district.
- Our Dispatch Training Manual became POST certified in 2017. This allows our new Emergency Communications Officers to get 80 hours of POST training once they complete our CTO (Communications Training Officer) Program.
- The Police Department completed installation of a Motorola Simulcast Radio system. The system will allow for better radio communication and coverage in the Post Falls, Rathdrum communities. The simulcast system offers better coverage and communication between both agencies and dispatch.
- NDEX. Post Falls Police Department was the first in Idaho to interface with N-DEX. The N-DEX system provides criminal justice agencies across the Nation with an online tool for sharing, searching, linking, and analyzing information across jurisdictional boundaries. A national repository of criminal justice records submitted by agencies from around the nation, N-DEX enables users to "connect the dots" between data on people, places, and things that may seem unrelated in order to link investigations and investigators. Implementation of this program culminates a two-year effort between the Post Falls Police Department, State of Idaho, and the FBI to get this interface working and sharing information with other police agencies in fighting crime locally and across the nation.
- Often our citizens are victims of crimes that occur from outside the area or locally by criminals from outside the area. N-Dex is a tool that will help in solving those crimes and offers an opportunity for a higher level of service.

Departmental Highlights of FY 2017 – Continued

- Stancil QA Module. The Police Department implemented the Stancil Recorder QA Module. The Stancil recorder is the device that records and stores all 911 call and radio recordings handled by the Police Department. The QA module allows better auditing of those calls and call takers so the Police Department and city of Post Falls can offer the best customer service and response when it comes to answering 911 and admin calls.

- Live Scan. The Police Department purchased and implemented a Live Scan fingerprinting machine. This will allow fingerprinting of misdemeanor violators cited and released in a quick and efficient manner in lieu of booking at the jail. The fingerprint machine will also be utilized for pre-employment screening and child identification purposes. In the past, citizens and pre-employment candidates would have to be referred to another agency in our area for processing. This device provides better service to the public when these types of services are requested.
- License plate recognition camera and software upgrade. Four cameras in the License Plate Recognition system were replaced. The cameras that were replaced were over 11 years old and had exceeded their useful life expectancy. The new cameras are more accurate and reliable than the old models. The cameras read over 40 thousand plates a day and are critical to the LPR system and catching stolen vehicles and other serious violations in our community.
- Additionally, the LPR software was upgraded to include new features such as make, model and body style searches. Now an investigator has the ability to search for vehicles used in crimes by features and not just license plate numbers. This technology will afford better ability to solve crimes such as hit and run investigations, drug trafficking, fatality accident investigations, and dangerous fugitives just to name a few.

Parks, Recreation, and Cemetery

- Our new online registration system has simplified the process for our customers leading to a 40% increase in online registrations. We added additional services that can be performed online to enhance the users experience and easier tracking.
- The Parks & Recreation Department has continued its major partnerships with our Police Department to provide community connections through our movie nights in our parks, with Avista Utilities providing river access, and the Post Falls School District for indoor recreational facilities. The department partners with over 50 agencies, groups and businesses.
- The Urban Forestry Division hosted the annual tree giveaway, providing 3,000 trees, with an estimated value of approximately \$300,000 to Post Falls' residents, businesses, and organizations. Since the start of this program over 40,000 trees have been planted in our community.
- The City celebrated its 20th year as a Tree City USA.
- The Cemetery Division sold 46 lots, 18 niches, and handled 80 services this year.
- The Parks & Recreation Department completed the Gladys Schneidmiller Celebration of Life Fountain at Evergreen Cemetery.
- The Parks & Recreation Department completed the reorganization of the Recreation Division. This completes a three year process that has seen a total reorganization of the Department.

Departmental Highlights of FY 2017 – Continued

- The City's summer camp program showed a growth in participants for a second year.
 - Our camp program saw an increase of 148 participants. This is an increase of 11.6%.
 - Winterfest had a major overhaul this year, with the City Hall Plaza being our main stage for music, crafts, food booths, games, burn barrels, Mrs. Claus's kitchen and a bell choir and Santa in the Rotunda. We had approximately 1,000+ community members come and enjoy the festivities.

Public Services

- Completed construction on the first phase of a multi-year facility upgrade to the Water Reclamation Facility, to meet future permit requirements.
- The Water Reclamation Division met all of the new reporting requirements included in the more stringent NPDES permit.
- The Water Reclamation Division constructed a new lift station to replace an aging and undersized system.
- The Water Reclamation Division constructed a new pipeline, nearly 2 miles in length, to convey wastewater directly to the Water Reclamation Facility from the Idahline Lift Station.
- The Water Reclamation Division conducted a Pilot Study on Membrane Filtration and High Rate Clarification Systems to inform design of the next plant upgrade.
- The Water Reclamation Division commissioned a study on next steps for land application of reclaimed water on the newly purchased forested site.
- The Water Division revised claims in the North Idaho Water Rights Adjudication, including the addition of a new claim for an early 1900's water right.
- The Water Reclamation Division purchased a new Vactor truck to improve system maintenance activities.
- The Water and Water Reclamation Capacity Fees were updated in early 2017 following the completion of a fee study in late 2016.
- The Building Division permitted 165 dwelling units and 12 new commercial buildings which is inclusive of the total valuations of approximately \$50 million.
- The Streets Division worked with a contractor to chip / fog seal approximately 5 center line miles of roadway.
- The Streets Division upgraded signals at Cecil and Mullan.
- Organized and over saw the construction of the new offices in Community Development to include the placement of all the electrical and communication outlets.

Departmental Highlights of FY 2017 – Continued

Administration

- The Department promoted City projects and programs at the Post Falls Chamber of Commerce Business Fair.
- The Media Division and Finance Department held the 10th annual E-recycling/Shred Day event. The event and promotional items for residents are funded by a grant from Post Falls Sanitation.

- The Media Division worked with the City Clerk’s Office to provide voter and City election information and to produce/broadcast a “Meet the Candidates” broadcast and video.
- The Media Division designed the digital and online versions of the Budget, CAFR and PAFR. The Finance Department received GFOA awards for all three documents.
- The Media Division assisted with promotions and events for community outreach programs and general economic development.

Factors Affecting Financial Condition

In the current economic environment, the main factors affecting the City’s financial condition are the increase growth in the area, a reduction in the unemployment, and the stabilization of the investment markets. The City has responded to this upswing in the economy by implementing efficiencies by maintaining the current labor force without a reduction in the level of service. With the changes the City has implemented, it will be ready to address future needs of the citizens.

Other Information – Idaho State statutes require an annual audit by independent auditors. The accounting firm of Anderson Bros. CPA’s, P.A. was selected to perform the audit with the approval of the City Council. The auditor’s report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

Certificate of Achievement – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Post Falls, Idaho for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the twentieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements – I would like to thank the entire staff of the Financial Services Department and Kit Hoffer in the Media Division for their dedicated services in assisting and contributing to the preparation of this report. Due credit should also be given to City Administrator Shelly Enderud, Mayor Ron Jacobson, and the City Council for their interest and support in conducting the operations of the City in an efficient and progressive manner.

Respectfully submitted,

Jason Faulkner
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Post Falls
Idaho**

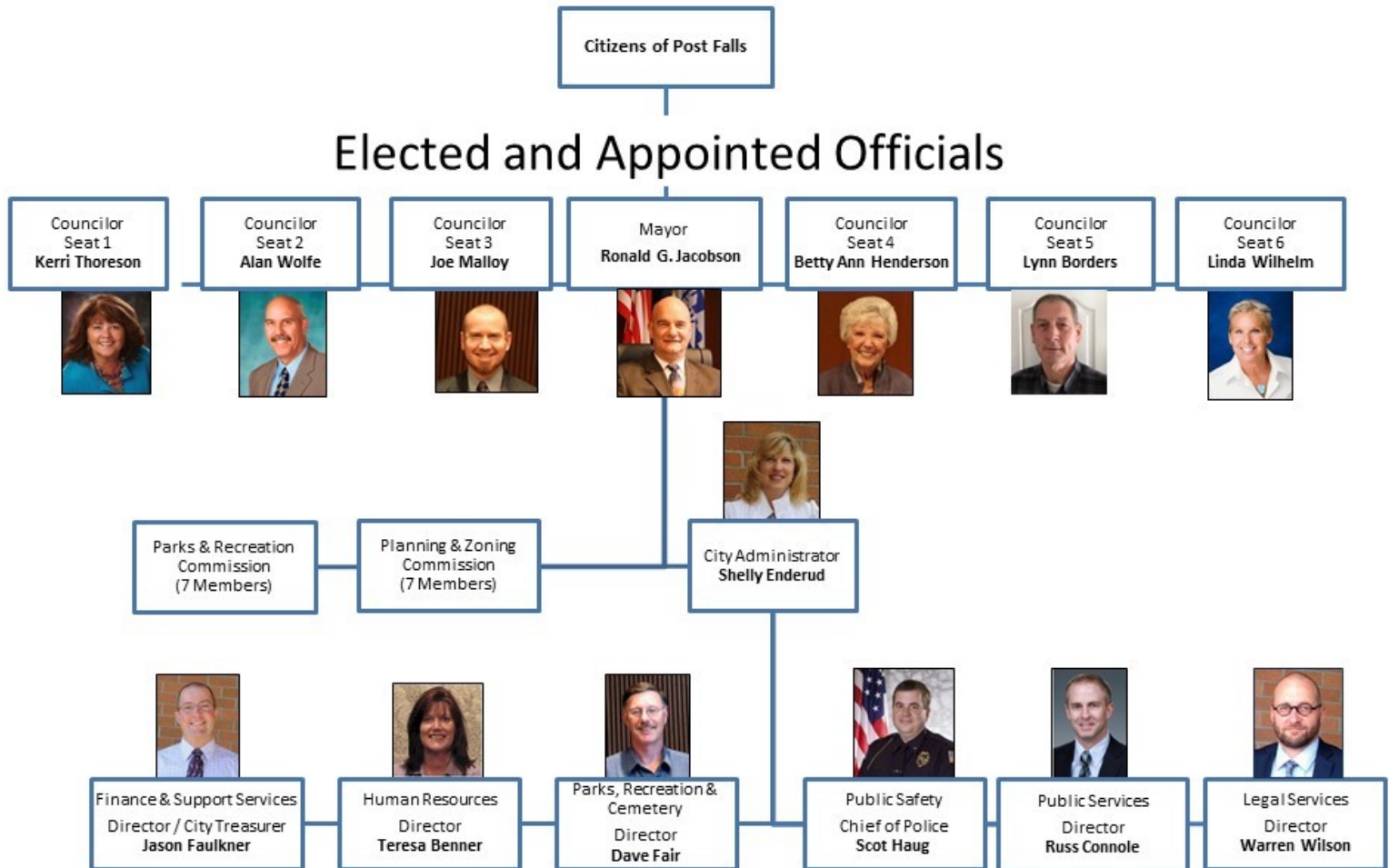
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

City of Post Falls Organizational Chart



CITY OF POST FALLS, IDAHO

Listing of City Officials As of September 30, 2017

MAYOR AND CITY COUNCIL



Councilor
Kerri Thoreson



Councilor
Alan Wolfe



Councilor
Joe Malloy



Mayor
Ronald G. Jacobson



Councilor
Betty Ann Henderson



Councilor
Lynn Borders



Councilor
Linda Wilhelm

ELECTED OFFICIALS

NAME	OFFICE	OCCUPATION	TERM EXPIRES
Ronald G. Jacobson	Mayor	Senior VP – bankcda	2017
Linda Wilhelm	Council President - Seat 6	Realtor – Coldwell Banker	2017
Kerri Thoreson	Councilor - Seat 1	Self Employed	2019
Alan Wolfe	Councilor - Seat 2		2017
Joe Malloy	Councilor - Seat 3	Project Coordinator - Outotec Energy Products	2019
Betty Ann Henderson	Councilor - Seat 4	Retired	2017
Lynn Borders	Councilor - Seat 5	Retired	2019

APPOINTED OFFICIALS

NAME	Title
Shelly Enderud	City Administrator
Jason Faulkner	Director of Finance and Support Services
Scot Haug	Chief of Police
David Fair	Parks & Recreation Director
Russ Connole	Public Services Director
Teresa Benner	Human Resources Director
Shannon Howard	City Clerk



Financial Section

Falls Park

The central location of Falls Park make it a popular place to enjoy North Idaho's 4 seasons. Whether enjoying spring flowers and the roaring spring falls, or a brisk winter walk through the park to see the icy bluffs at the falls.





1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099 (phone) 208-773-5108 (fax)

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Post Falls
Post Falls, ID 83854

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Post Falls as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Post Falls 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Post Falls, as of September 30, 2017, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Post Falls basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules of revenues, expenditures and changes in fund balance – budget and actual – legal appropriation level, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedules of revenues, expenditures and changes in fund balance – budget and actual – legal appropriation level and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedules of revenues, expenditures and changes in fund balance – budget and actual – legal appropriation and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018 on our consideration of the City of Post Falls 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 City of the Post Falls internal control over financial reporting and compliance.



Anderson Bros. CPA's, P.A.
May 21, 2018

City of Post Falls, ID

Management's Discussion and Analysis

As management of the City of Post Falls, we offer readers of the City of Post Falls' financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the City of Post Falls exceeded its liabilities at the close of the most recent fiscal year by \$231,204,835 (net position).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,731,148, or 74.0 percent of total general fund expenditures.
- The governments net position increased by \$16,784,057. Approximately \$4,447,637 of this increase is attributed to one-time infusions of resources from capital contributions.
- In the City's business-type activities, operating revenues increased by \$1,383,671 (9.9 percent) and operating expenses increase by \$495,618. The increases in operating revenues is primarily due to the increase in utility rates (3.0% for water and a 9.0% for reclaimed water).
- The City performed a budget amendments through the fiscal year to allow for the use of prior year unallocated funds, to receipt several grants and unanticipated revenues. The amendment totaled \$3,307,521.
- The City of Post Falls holds an AA- water reclamation bond rating and an AA water bond rating with Standard & Poors.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Post Falls' basic financial statements. The City of Post Falls' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Post Falls' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the City of Post Falls' assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as net position. Over time,

increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Post Falls is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Post Falls that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City of Post Falls include general government, public safety, streets, parks and recreation. The business-type activities of the City of Post Falls include water, reclaimed water and sanitation.

The government-wide financial statements include not only the City of Post Falls itself (known as primary government), but also a legally separate urban renewal district for which the City of Post Falls is not financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26 to 27 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Post Falls, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Post Falls can be divided into categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and

the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Post Falls maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, LID 2004-1, and the capital fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Post Falls adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements may be found on pages 28 to 30 of this report.

Proprietary funds. The City of Post Falls maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Post Falls uses enterprise funds to account for its water, reclaimed water and sanitation operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, reclaimed water and sanitation operations, all of which are considered to be major funds of the City of Post Falls.

The basic proprietary fund financial statements may be found on pages 31 to 33 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 34 to 61 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds may be found on pages 75 and 76 of this report. Combining and individual fund statements and schedules can be found on pages of this report.

Government-wide Financial Analysis

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the ended September 30, 2017.

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Post Falls, assets and deferred outflows, exceeded liabilities and deferred inflows by \$231,904,835 at the close of the most recent fiscal year.

By far the largest portion of the City of Post Falls' net position (64.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, other improvements, infrastructure, and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City of Post Falls uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Post Falls' net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Post Falls' net position (17.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$41,475,622, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Post Falls is able to report positive balances in all three categories of net position and fund balance, both for the government as a whole, as well as for its separate governmental and business-type activities.

At the end of the current fiscal year, 82.6 percent of the liabilities are made up of noncurrent liabilities. This primarily represents bonds and leases discussed in Note 6 of the notes to the financials.

Below is a summary of the City of Post Falls' Net Position statement.

City of Post Falls' Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$33,705,594	\$30,802,388	\$58,978,945	\$50,750,613	\$92,684,539	\$81,553,001
Capital assets	65,122,894	61,232,448	99,174,308	94,829,887	164,297,202	156,062,335
Total assets	<u>98,828,488</u>	<u>92,034,836</u>	<u>158,153,253</u>	<u>145,580,500</u>	<u>256,981,741</u>	<u>237,615,336</u>
DEFERRED OUTFLOW OF RESOURCES						
Proportionate share of collective deferred outflows of resources	1,003,404	3,032,520	107,440	376,672	1,110,844	3,409,192
Total deferred outflows of resources						
LIABILITIES						
Long-term liabilities outstanding	6,211,783	7,447,525	14,827,048	12,719,861	21,038,831	20,167,386
Other liabilities	3,034,038	2,924,919	1,401,846	1,561,795	4,435,884	4,486,714
Total liabilities	<u>9,245,821</u>	<u>10,372,444</u>	<u>16,228,894</u>	<u>14,281,656</u>	<u>25,474,715</u>	<u>24,654,100</u>
DEFERRED INFLOW OF RESOURCES						
Proportionate share of collective deferred inflows of resources	650,673	1,742,429	62,362	207,221	713,035	1,949,650
	650,673	1,742,429	62,362	207,221	713,035	1,949,650
NET POSITION						
Net investment in capital assets	63,752,894	59,777,448	85,068,308	82,999,908	148,821,202	142,777,356
Restricted	9,127,103	8,410,596	32,480,908	26,971,504	41,608,011	35,382,100
Unrestricted	17,055,401	14,764,439	24,420,221	21,496,883	41,475,622	36,261,322
Total net position	<u>\$89,935,398</u>	<u>\$82,952,483</u>	<u>\$141,969,437</u>	<u>\$131,468,295</u>	<u>\$231,904,835</u>	<u>\$214,420,778</u>

Governmental activities. Governmental activities' key elements are broken down in the following charts. Governmental activities increased net position by \$6,782,915 and business-type activities increased net position by \$10,501,142.

The City's direct charges to users of governmental services made up \$6,223,519 or 23 percent of total governmental revenue. These charges are for park rentals, recreation classes, building permits and other fees related to public safety and administration. Public safety includes police, domestic violence assistance, animal control and dispatch services and accounts for \$6,808,217 in expenditures, or 32.8 percent of the total. Highway and public works accounts for \$4,562,035 in expenditures, or 21.9

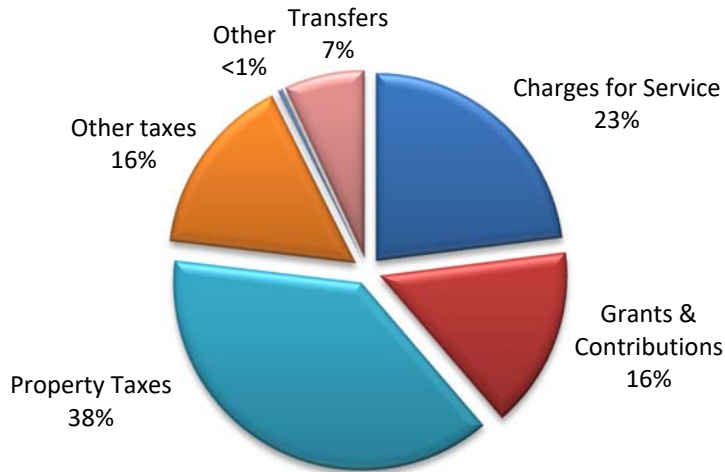
percent of the total. Culture and recreation accounts for \$2,308,641 in expenditures, or 11.1 percent of the total. General government accounts for \$7,036,780 in expenditures, or 33.9 percent of the total.

Below is a summary of the City of Post Falls' Changes in Net Position.

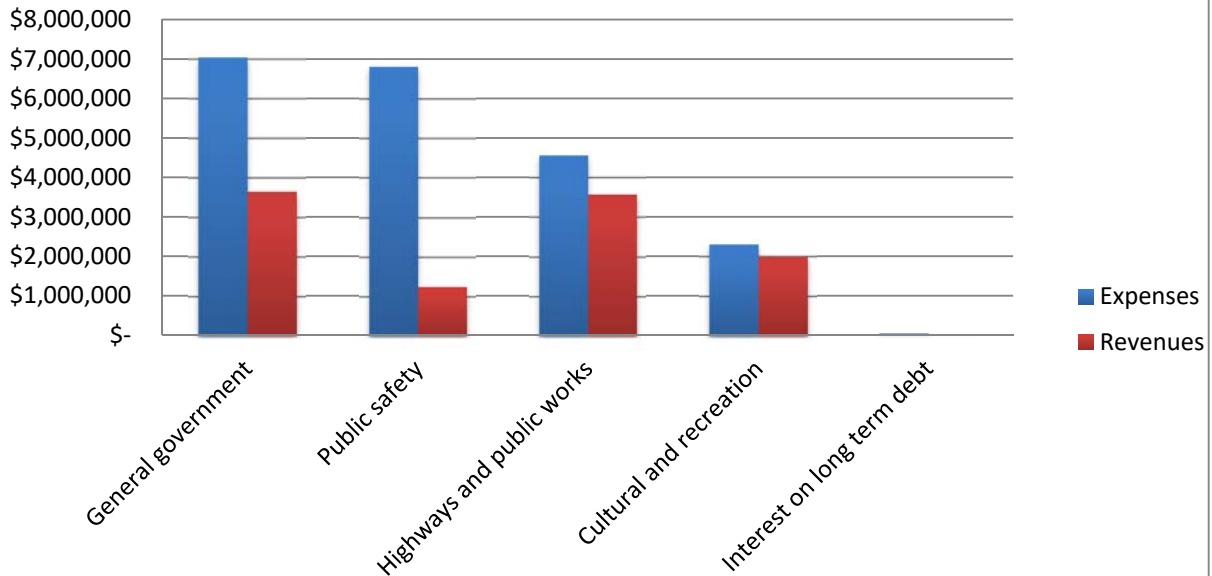
City of Post Falls' Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues:						
Charges for services	\$6,223,519	\$6,846,442	\$15,408,097	\$14,024,426	\$21,631,616	\$20,870,868
Operating grants and contributions	478,166	1,110,119			478,166	1,110,119
Capital grants and contributions	3,766,274	2,623,618	4,710,856	5,465,175	8,477,130	8,088,793
General revenues:						
Property taxes	10,330,833	9,530,731			10,330,833	9,530,731
Other taxes	4,252,949	4,075,023			4,252,949	4,075,023
Other	116,959	223,974	250,992	305,950	367,951	529,924
Total revenues	<u>\$25,168,700</u>	<u>\$24,409,907</u>	<u>\$20,369,945</u>	<u>\$19,795,551</u>	<u>\$45,538,645</u>	<u>\$44,205,458</u>
EXPENSES						
General government	\$6,336,780	\$5,329,285			\$6,336,780	\$5,329,285
Public safety	6,808,217	6,426,096			6,808,217	6,426,096
Highway and public works	4,562,035	4,205,220			4,562,035	4,205,220
Culture and recreation	2,308,641	2,128,314			2,308,641	2,128,314
Interest on long-term debt	52,040	108,825			52,040	108,825
Water			\$1,598,994	\$1,519,132	1,598,994	1,519,132
Reclaimed Water			4,253,783	4,038,968	4,253,783	4,038,968
Sanitation			2,134,098	1,966,222	2,134,098	1,966,222
Total expenses	<u>\$20,067,713</u>	<u>\$18,197,740</u>	<u>\$7,986,875</u>	<u>\$7,524,322</u>	<u>\$28,054,588</u>	<u>\$25,722,062</u>
INCREASE IN NET POSITION BEFORE TRANSFERS	<u>5,100,987</u>	<u>6,212,167</u>	<u>12,383,070</u>	<u>12,271,229</u>	<u>17,484,057</u>	<u>18,483,396</u>
TRANSFERS IN (OUT)	<u>1,881,928</u>	<u>1,209,430</u>	<u>(1,881,928)</u>	<u>(1,209,430)</u>		
INCREASE IN NET POSITION	<u>6,982,915</u>	<u>7,421,597</u>	<u>10,501,142</u>	<u>11,061,799</u>	<u>17,484,057</u>	<u>18,483,396</u>
NET POSITION beginning	<u>82,952,483</u>	<u>75,530,886</u>	<u>131,468,295</u>	<u>120,406,496</u>	<u>214,420,778</u>	<u>195,937,382</u>
NET POSITION ending	<u>\$89,935,398</u>	<u>\$82,952,483</u>	<u>\$141,969,437</u>	<u>\$131,468,295</u>	<u>\$231,904,835</u>	<u>\$214,420,778</u>

Revenue by Source - Government Activities



Expenses and Program Revenues - Governmental Activities



- The majority of the City of Post Falls' governmental activities' revenue is received from property tax (38 percent) with other taxes following at (15.7 percent).
- When all taxes are added together, they make up 53.7 percent of the budget.
- When revenues are compared to expenses, it shows that none of the City of Post Falls' programs are self-supporting. They all require tax support to continue at their current level of service.

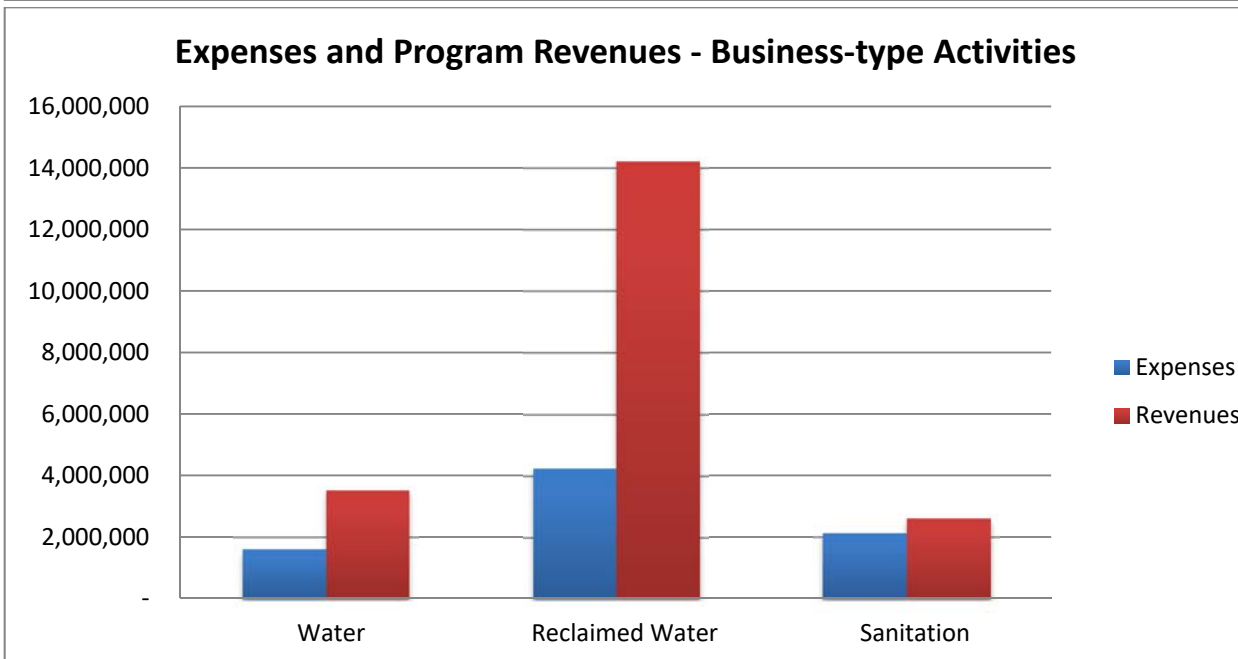
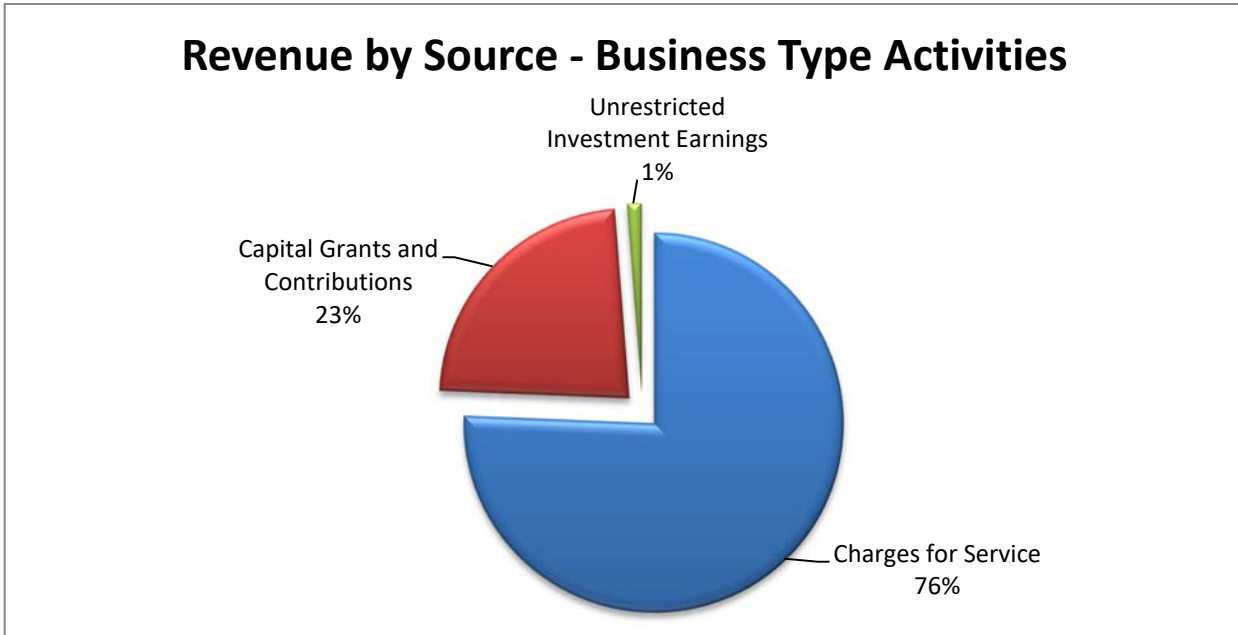
- Grants and contributions are primarily received by public safety and public works. These grants normally have matching requirements by the City, but allow programs and projects that may not happen without those additional funds. The City currently runs a domestic violence program that is significantly funded through federal grants each year.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. No significant transactions occurred outside of the Major funds for FY 17. No significant losses or revenues were received during the year and building permit revenue has increased during FY 17.

Major funds in the City are general fund, LID 2004-1 and the capital fund. Significant transactions within the general fund this year mainly consisted of the payment of personnel that has been steadily increasing with the aggressive market in the Pacific Northwest and since health insurance has been increasing each year. The average wage increase in the City for the current fiscal year was 4 percent. This was due to the current economy and the City to maintain and retain current staffing levels with the rebound in the local job market. Last, in the capital fund a focus was placed on completing street related projects during the current year.

The general fund has a significant cash balance at year end. A portion of this cash balance has been designated as a contingency fund and the balance has been reallocated for expenditure in the FY 17 budget. Last, the capital fund has a large cash balance that is primarily made up of money that is being saved for future capital projects such as a park acquisition, park improvements and future road construction.

Business-type activities. Business-type activities' key elements are broken down in the following charts.



- One of the major sources of the City of Post Falls' business-type activities' revenue is received from charges for services (75.6 percent). Currently, the City of Post Falls' business-type activities do not use property taxes for any type of funding.
- The second major source of revenue is capital construction (23.1 percent). These contributions are received by water and reclaimed water only. The sanitation for the City of Post Falls is contracted out, and the City has no capital investment in that program.

- When revenues are compared to expenses, it shows that all of the City of Post Falls' programs are self-supporting. In reclaimed water this includes capital contributions from developers.

Again, for the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The City had been growing at a very rapid pace and it has slowed considerably over the last several years. The only major transaction during the year was the completion of the Water Reclamation Treatment Plant Upgrade in Reclaimed Water. The City is the only reclaimed water provider within the City limits and is one of three providers of water within the City limits. All sanitation services are provided through the City.

Financial Analysis of the Government's Funds

As noted earlier, the City of Post Falls uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Post Falls governmental funds is to provide information on near-term inflows, outflow, and balances of spendable resources. Such information is useful in assessing the City of Post Falls' financing requirement. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Post Falls' reported a combined ending fund balance of \$29,403,615, an increase of \$2,235,919 in comparison with the prior year. The current fund balance contains \$9,127,103 of restricted dollars, \$3,773,386 of committed dollars, \$2,379,285 of assigned dollars and the balance of \$14,123,841 is unassigned, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Post Falls. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,731,148 with a total fund balance of \$19,883,819. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 69.1 percent of total general fund expenditures, while total fund balance represents 100.00 percent of that same amount.

The other major funds of the City of Post Falls have the following fund balances at year-end: LID 2004-1 has a restricted fund balance of \$424,065. This balance is due to prepayments on the LID. The Capital Fund has a restricted fund balance of \$8,461,066. This fund balance will be used towards future capital projects in the City's CIP.

Proprietary funds. The City of Post Falls’ proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Reclaimed Water and Sanitation funds at the end of the year amounted to \$24,420,221 (Water \$7,331,957; Reclaimed Water \$15,189,125; and Sanitation \$1,899,139). Restricted net position at the end of the year amounted to \$32,480,908 (Water \$9,008,139 and Reclaimed Water \$23,472,769).

General Fund Budgetary Highlights

Two budget amendments were performed during the current fiscal year. This amendment increased the budget by a total of \$3,307,521. General Fund revenues ended the fiscal year with a total positive variance of 5.4 percent. Expenditures ended the fiscal year with a total positive variance of 14.5 percent. The major variance in revenues was due to the use of fund balance dollars from the previous year. The variance in expenditures was due to a combination of numerous small savings in the general government area along with an unexpended fund balance carryover from FY 16. During this fiscal year, the City used a very conservative approach to operating expenses with the assumption of a slight increase in revenues when compared to the prior year.

Capital Asset and Debt Administration

Capital assets. The City of Post Falls’ investment in capital assets for its governmental and business-type activities as of September 30, 2017 amounts to \$164,297,202 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, other improvements, and infrastructure. The total increase in the City of Post Falls’ investment in capital assets for the fiscal year was 4.23 percent (a 6.65 percent increase for governmental activities and a 2.48 percent increase for business-type activities).

City of Post Falls’ Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$6,323,643	\$5,223,404	\$18,965,898	\$18,953,358	\$25,289,541	\$24,176,762
Buildings & Imp.	12,944,329	13,132,228	2,926,204	3,059,846	15,870,533	16,192,074
Machinery & Equip.	3,002,845	3,028,194	1,204,579	650,043	4,207,424	3,678,237
Infrastructure	38,052,012	35,807,731			38,052,012	35,807,731
Wells			2,185,329	2,261,328	2,185,329	2,261,328
Water System			13,766,337	14,084,279	13,766,337	14,084,279
Reclaimed Water System			42,050,150	42,491,943	42,050,150	42,491,943
C.I.P.	4,800,065	4,040,891	18,075,811	13,329,090	22,875,876	17,369,981
Total	<u>\$65,122,894</u>	<u>\$61,232,448</u>	<u>\$99,174,308</u>	<u>\$94,829,887</u>	<u>\$164,297,202</u>	<u>\$156,062,335</u>

Major capital asset events during the current fiscal year included the following:

- Donated capital assets from developers as they develop commercial areas and subdivisions.
- Upgrades to the cemetery owned by the City.
- Focused on capital street projects during the course of the fiscal year.
- Various Reclaimed Water projects, including a plant upgrade, upgrades to various lift stations, and finalizing phase one of construction on the wastewater reclamation plant upgrade in an effort to keep up with growth.

Additional information on the City of Post Falls’ capital assets can be found in note 4 on pages 45 to 46 of this report.

Long-term debt. At the end of the current fiscal year, the City of Post Falls had total bonded debt outstanding of \$15,476,000. Of this amount, \$1,370,000 is a special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City of Post Falls’ debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds), a water loan from DEQ secured solely by specified revenue sources, leases secured by general fund, and compensated absences accrued by employees and a liability of general fund, \$715,031, water, \$32,270, and Reclaimed Water, \$62,347.

<u>Debt Type</u>	<u>2017 Balance</u>	<u>2016 Balance</u>
Reclaimed Water Revenue Bonds:	\$12,661,000	\$2,255,000
Water – Revenue Bonds, 2012	1,445,000	1,610,000
Special Assessment Bonds:	1,370,000	1,455,000
Premium on bonds payable	128,144	144,162
Compensated Absences:	<u>809,648</u>	<u>777,126</u>
	<u>\$16,413,792</u>	<u>\$6,241,288</u>

The State of Idaho mandates a general obligation debt limit of 2% of the assessed market value of taxable property within the City boundaries. The limit totaled \$52,623,515 on September 30, 2017. The City’s general obligation bond above is subject to this limit. Therefore, \$52,623,515 is available for future general obligation indebtedness.

Additional information on the City of Post Falls’ long-term debt can be found in note 6 on pages 47 of this report.

Economic Factors and Next Year's Budgets and Rates

- Unemployment in Kootenai County decreased in 2017. The seasonally adjusted unemployment rate for Kootenai County in 2017 was 3.9% and the labor force pool was approximately 74,020, which was an increase by about 2,124 from 2016. This figure does not include the underemployed. The prior year reflected an unemployment rate of 5.0% in Kootenai County. In comparison, the national unemployment rate was approximately 4.7% and the statewide unemployment rate was 3.1% in 2017.
- Building permits issued in the City of Post Falls have increase significantly in FY 2017 after a strong recovery in the prior year. In the next year, a slight increase is anticipated.
- The number of utility accounts has continued to increase at a small level and that lower growth level has been included in the budget process.

All of these factors were considered in preparing the City of Post Falls' budget for the 2017 reported fiscal year and the upcoming 2017 fiscal year.

Budget Highlights for Fiscal Year 2016-2017

Governmental Activities. During the current fiscal year, unassigned fund balance in the general fund increased by \$1,133,690 when compared to the prior fiscal year.

Business-Type Activities. Water and Reclaimed Water operating rates were increased by 3.0 percent and 9.0 percent, respectively, during the 2017 budget year. Sanitation rates were not changed as per the contract with an outside hauler which does not include a fuel surcharge as it has in the previous year. Water and Reclaimed Water rates are set by rate studies that updated every five years. The Reclaimed Water fund completed a s facility plan that recommend increasing the rates to cover new treatment processes to meet discharge permit requirements in the upcoming years.

Requests for information

This financial report is designed to provide a general overview of the City of Post Falls' finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 408 N Spokane St., Post Falls, ID 83854.

Basic Financial Statements

**City of Post Falls
Statement of Net Position
September 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Post Falls Urban Renewal Agency
Assets				
Cash and cash equivalents	\$ 13,433,522	\$ 12,092,946	\$ 25,526,468	\$ 55,889
Investments	11,822,003	13,346,654	25,168,657	2,079,509
Receivables				
Accounts	82,665	2,073,733	2,156,398	
Taxes	307,634		307,634	257,543
Miscellaneous	1,433,762		1,433,762	
Special assessments	338,160		338,160	
Internal Balances	(262,480)	262,480		
Restricted cash, customer deposits		278,028	278,028	
Accrued interest	62,371	47,294	109,665	3,940
Prepaid items			-	1,942
Restricted cash	2,484,658	30,844,781	33,329,439	
Restricted Investments	4,003,299		4,003,299	1,454,046
Restricted accrued interest		33,029	33,029	
Capital assets, net of depreciation:				
Land	6,323,643	18,965,898	25,289,541	
Buildings	12,944,329	2,185,329	15,129,658	
Machinery and equipment	3,002,845	1,204,579	4,207,424	
Infrastructure	38,052,012	58,742,691	96,794,703	
Construction in progress	4,800,065	18,075,811	22,875,876	
Total assets	<u>98,828,488</u>	<u>158,153,253</u>	<u>256,981,741</u>	<u>3,852,869</u>
Deferred Outflows of Resources				
Proportionate share of collective deferred outflows of resources	1,003,404	107,440	1,110,844	
Total deferred outflows of resources	<u>1,003,404</u>	<u>107,440</u>	<u>1,110,844</u>	-
Liabilities				
Accounts payable	946,484	996,152	1,942,636	496
Accrued payroll	231,667	29,181	260,848	4,634
Bond interest payable	37,578	98,485	136,063	20,301
Restricted customer deposits	1,818,309	278,028	2,096,337	
Noncurrent liabilities				
Due within one year	485,417	888,523	1,373,940	1,580,231
Due in more than one year	1,599,614	13,312,094	14,911,708	4,395,372
Premium on bonds payable (net of accumulated amortization)		128,144	128,144	
Net Pension Liability	4,126,752	498,287	4,625,039	18,477
Total liabilities	<u>9,245,821</u>	<u>16,228,894</u>	<u>25,474,715</u>	<u>6,019,511</u>
Deferred Inflows of Resources				
Proportionate share of collective deferred inflows of resources	650,673	62,362	713,035	30,908
Total deferred inflows of resources	<u>650,673</u>	<u>62,362</u>	<u>713,035</u>	<u>30,908</u>
Net Position				
Net investment in capital assets	63,752,894	85,068,308	148,821,202	
Restricted for:				
Special revenue projects	229,532		229,532	
Debt Service	436,505	20,988,892	21,425,397	756,313
Capital improvement projects	8,461,066	11,492,016	19,953,082	
Unrestricted	17,055,401	24,420,221	41,475,622	(2,953,863)
Total net position	<u>\$ 89,935,398</u>	<u>\$ 141,969,437</u>	<u>\$ 231,904,835</u>	<u>\$ (2,197,550)</u>

The notes to the financial statements are an integral part of this statement.

City of Post Falls
Statement of Activities
For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Post Falls Urban Renewal Agency
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 6,336,780	\$ 3,626,508	\$ 25,345		\$ (2,684,927)		\$ (2,684,927)	\$ (1,815,530)
Public safety	6,808,217	858,741	386,372		(5,563,104)		(5,563,104)	
Highways and public works	4,562,035	3,486	30,772	\$ 3,879,028	(648,749)		(648,749)	
Culture and recreation	2,308,641	1,734,784	35,677	225,406	(312,774)		(312,774)	
Interest on long-term debt	52,040				(52,040)		(52,040)	
Pension plan expense								4,896
Total governmental activities	<u>20,067,713</u>	<u>6,223,519</u>	<u>478,166</u>	<u>4,104,434</u>	<u>(9,261,594)</u>		<u>(9,261,594)</u>	<u>(1,810,634)</u>
Business-type activities:								
Water	1,598,994	3,098,184		342,455		\$ 1,841,645	1,841,645	
Reclaimed water	4,253,783	9,696,490		4,368,401		9,811,108	9,811,108	
Sanitation	2,134,098	2,613,423				479,325	479,325	
Total business-type activities	<u>7,986,875</u>	<u>15,408,097</u>		<u>4,710,856</u>		<u>12,132,078</u>	<u>12,132,078</u>	
Total government	<u>\$28,054,588</u>	<u>\$ 21,631,616</u>	<u>\$ 478,166</u>	<u>\$ 8,815,290</u>	<u>(9,261,594)</u>	<u>12,132,078</u>	<u>2,870,484</u>	<u>(1,810,634)</u>
General revenues:								
Property taxes					10,072,449		10,072,449	4,608,591
Sales taxes					1,976,711		1,976,711	
Motor fuel taxes					1,608,345		1,608,345	
Alcoholic beverage taxes					667,893		667,893	
Unrestricted investment earnings					358,483	250,992	609,475	30,637
Miscellaneous					(321,300)		(321,300)	42,816
Total general revenues					<u>14,362,581</u>	<u>250,992</u>	<u>14,613,573</u>	<u>4,682,044</u>
Transfers					1,881,928	(1,881,928)		
Total general revenues and transfers					<u>16,244,509</u>	<u>(1,630,936)</u>	<u>14,613,573</u>	<u>4,682,044</u>
Change in net position					6,982,915	10,501,142	17,484,057	2,871,410
Net position - beginning					82,952,483	131,468,295	214,420,778	(5,068,960)
Net position - ending					<u>\$ 89,935,398</u>	<u>\$ 141,969,437</u>	<u>\$ 231,904,835</u>	<u>\$ (2,197,550)</u>

The notes to the financial statements are an integral part of this statement.

**City of Post Falls
Balance Sheet
Governmental Funds
September 30, 2017**

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2017
Assets					
Cash on hand and cash equivalents	\$ 7,937,302	\$ 86,998	\$ 4,492,544	\$ 916,678	\$ 13,433,522
Investments	7,534,827		4,287,176		11,822,003
Accounts receivable:					
Property taxes - current	49,250				49,250
- delinquent	258,384				258,384
Loans receivable				8,975	8,975
Miscellaneous	1,125,470	90,236		209,081	1,424,787
Customers			22,157	60,508	82,665
Special assessments - delinquent		57,381			57,381
Special assessments - deferred		262,194		18,585	280,779
Due from other funds	232,869				232,869
Accrued interest	44,227	237	17,907		62,371
Restricted current assets:					
Cash and cash equivalents	2,471,138			13,520	2,484,658
Investments	3,756,705	246,594			4,003,299
Total assets and other debits	\$ 23,410,172	\$ 743,640	\$ 8,819,784	\$ 1,227,347	\$ 34,200,943
Liabilities:					
Accounts payable	\$ 697,813		\$ 192,418	\$ 47,295	\$ 937,526
Due to other fund				232,869	232,869
Unapplied Credit				8,958	8,958
Interfund payables				262,480	262,480
Accrued payroll and fringe benefits	231,667				231,667
Restricted customer deposits	1,638,489		166,300	13,520	1,818,309
Total liabilities	2,567,969		358,718	565,122	3,491,809
Deferred Inflows of Resources					
Unavailable revenue - property taxes	258,384				258,384
Unavailable revenue - special assessment		\$ 319,575		18,585	338,160
Unavailable revenue - other				8,975	8,975
Total deferred inflows of resources	258,384	319,575		27,560	605,519
Fund balances:					
Restricted:					
Special revenue projects				229,532	229,532
Special assessment debt		424,065		12,440	436,505
Capital improvement projects			8,461,066		8,461,066
Committed:					
Revenue stabilization	3,773,386				3,773,386
Assigned:					
Capital improvements	2,379,285				2,379,285
Unassigned:	14,431,148			392,693	14,823,841
Total fund balances	20,583,819	424,065	8,461,066	634,665	30,103,615
Total liabilities, deferred inflows of resources, and fund balance	\$ 23,410,172	\$ 743,640	\$ 8,819,784	\$ 1,227,347	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	65,122,893
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	605,519
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,122,609)
Pension liabilities, pension expense (revenue), deferred outflows of resources and deferred inflows of resources related to pensions.	(3,774,020)
Net Position of governmental activities	\$ 89,935,398

City of Post Falls
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2017
Revenues:					
Taxes	\$10,862,381				\$10,862,381
Intergovernmental	4,597,495				4,597,495
Charges for services	3,377,766		\$ 1,803,322	\$ 414,627	5,595,715
Other revenue	276,402		2,607	276,793	555,802
Special assessment revenue		\$ 105,014		8,467	113,481
Interest	64,508	24,911	11,648	3,599	104,666
Total revenues	<u>19,178,552</u>	<u>129,925</u>	<u>1,817,577</u>	<u>703,486</u>	<u>21,829,540</u>
Expenditures:					
Current:					
General government	6,139,662	7,600	3,951	(178)	6,151,035
Public safety	6,197,514			213,580	6,411,094
Highways and public works	3,030,104			-	3,030,104
Culture and recreation	2,098,400			52,757	2,151,157
Capital outlay	773,037		1,896,831	230,854	2,900,722
Debt service:					
Principal		65,000		20,000	85,000
Interest		34,278		12,159	46,437
Total expenditures	<u>18,238,717</u>	<u>106,878</u>	<u>1,900,782</u>	<u>529,172</u>	<u>20,775,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>939,835</u>	<u>23,047</u>	<u>(83,205)</u>	<u>174,314</u>	<u>1,053,991</u>
Other financing sources (uses):					
Transfers in	2,036,848		850,000	48,381	2,935,229
Transfers out	(943,690)		(34,461)	(75,150)	(1,053,301)
Total other financing sources (uses)	<u>1,093,158</u>		<u>815,539</u>	<u>(26,769)</u>	<u>1,881,928</u>
Net change in fund balance	2,032,993	23,047	732,334	147,545	2,935,919
Fund balances, beginning	<u>18,550,826</u>	<u>401,018</u>	<u>7,728,732</u>	<u>487,120</u>	<u>27,167,696</u>
Fund balances, ending	<u>\$20,583,819</u>	<u>\$ 424,065</u>	<u>\$ 8,461,066</u>	<u>\$ 634,665</u>	<u>\$30,103,615</u>

The notes to the financial statements are an integral part of this statement.

City of Post Falls
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,235,919
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	414,525
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	3,467,024
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(131,663)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net positions. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	54,901
The net pension effect related to the pension expense recognized for the year.	<u>242,209</u>
Change in net position of governmental activities	<u><u>\$ 6,282,915</u></u>

The notes to the financial statements are an integral part of this statement.

**City of Post Falls
Statement of Net Position
Proprietary Funds
September 30, 2017**

	Business-type Activities - Enterprise Funds						
	Water	Water	Reclaimed Water	Reclaimed Water	Sanitation	Sanitation	Totals
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year
Assets							
Current assets:							
Cash	\$ 3,737,848	\$ 3,348,741	\$ 6,782,868	\$ 6,441,192	\$ 1,572,230	\$ 1,563,451	\$ 12,092,946
Investments	2,745,085	2,333,091	10,325,812	9,101,183	275,757	275,650	13,346,654
Utility receivables, net	706,295	558,989	1,132,913	1,000,435	234,525	208,336	2,073,733
Restricted cash, customer deposits	90,275	92,770	187,753	130,114			278,028
Accrued interest	11,465	7,137	35,829	22,300			47,294
Due from other funds	262,480	295,290	-	-			262,480
Total current assets	<u>7,553,448</u>	<u>6,636,018</u>	<u>18,465,175</u>	<u>16,695,224</u>	<u>2,082,512</u>	<u>2,047,437</u>	<u>28,101,135</u>
Non-current assets:							
Restricted cash	9,349,508	8,892,498	21,495,273	16,461,620			30,844,781
Restricted accrued interest	10,044	5,234	22,985	12,582			33,029
Total restricted assets	<u>9,359,552</u>	<u>8,897,732</u>	<u>21,518,258</u>	<u>16,474,202</u>			<u>30,877,810</u>
Capital assets:							
Land	59,096	54,555	18,906,803	18,898,802			18,965,899
Wells	3,592,339	3,592,339					3,592,339
Water system	21,439,277	21,340,827					21,439,277
Equipment	1,311,760	1,239,291	1,805,509	1,267,188			3,117,269
Reclaimed Water system			68,956,847	68,107,860			68,956,847
Construction in progress	294,634	98,023	17,781,176	13,231,067			18,075,810
Less accumulated depreciation	(9,678,803)	(9,125,841)	(25,294,330)	(23,874,224)			(34,973,133)
Total capital assets (net of accumulated depreciation)	<u>17,018,303</u>	<u>17,199,194</u>	<u>82,156,005</u>	<u>77,630,693</u>			<u>99,174,308</u>
Total non-current assets	<u>26,377,855</u>	<u>26,096,926</u>	<u>103,674,263</u>	<u>94,104,895</u>			<u>130,052,118</u>
Total Assets	<u>33,931,303</u>	<u>32,732,944</u>	<u>122,139,438</u>	<u>110,800,119</u>	<u>2,082,512</u>	<u>2,047,437</u>	<u>158,153,253</u>
Deferred Outflow of Resources							
Proportionate share of collective deferred outflows of resources	42,283	126,850	65,157	249,822			107,440
Total deferred outflows of resources	<u>42,283</u>	<u>126,850</u>	<u>65,157</u>	<u>249,822</u>			<u>107,440</u>
Liabilities							
Current liabilities:							
Accounts payable	137,786	148,482	674,993	979,640	183,373	158,788	996,152
Accrued payroll	8,751	7,734	20,430	15,634			29,181
Bond interest payable	22,625	25,175	75,860	3,458			98,485
Compensated absences - current maturity	18,071	16,777	34,914	34,139			52,986
Customer deposits payable	90,275	92,770	187,753	130,114			278,028
Bond payable - current maturity	175,000	165,000	885,909	430,000			1,060,909
Total current liabilities	<u>452,508</u>	<u>455,938</u>	<u>1,879,859</u>	<u>1,592,985</u>	<u>183,373</u>	<u>158,788</u>	<u>2,515,741</u>
Noncurrent liabilities:							
Compensated absences	14,199	13,183	27,433	26,823			41,631
Premium on bonds payable (net of amortization)	128,144	144,162					128,144
Bonds payable	1,270,000	1,445,000	11,775,091	9,789,979			13,045,091
Net Pension Liability	171,257	220,418	327,030	434,380			498,287
Total noncurrent liabilities	<u>1,583,600</u>	<u>1,822,763</u>	<u>12,129,554</u>	<u>10,251,182</u>			<u>13,713,153</u>
Total Liabilities	<u>2,036,108</u>	<u>2,278,701</u>	<u>14,009,413</u>	<u>11,844,167</u>	<u>183,373</u>	<u>158,788</u>	<u>16,228,894</u>
Deferred Inflows of Resources							
Proportionate share of collective deferred inflows of resources	24,079	69,580	38,283	137,641			62,362
Deferred contracts			-	-			-
Total deferred inflows of resources	<u>24,079</u>	<u>69,580</u>	<u>38,283</u>	<u>137,641</u>			<u>62,362</u>
Net Position							
Net investment in capital assets	15,573,303	15,589,194	69,495,005	67,410,714			85,068,308
Restricted for:							
Debt service	246,761	244,623	20,742,131	15,697,191			20,988,892
Capital improvement projects	8,761,378	8,299,997	2,730,638	2,729,693			11,492,016
Unrestricted	7,331,957	6,377,699	15,189,125	13,230,535	1,899,139	1,888,649	24,420,221
Total Net Position	<u>\$ 31,913,399</u>	<u>\$ 30,511,513</u>	<u>\$ 108,156,899</u>	<u>\$ 99,068,133</u>	<u>\$ 1,899,139</u>	<u>\$ 1,888,649</u>	<u>\$ 141,969,437</u>

City of Post Falls
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended Spetember 30, 2017

Business-type Activities - Enterprise Funds

	Water Current Year	Water Prior Year	Reclaimed Water Current Year	Reclaimed Water Prior Year	Sanitation Current Year	Sanitation Prior Year	Totals Current Year
Operating Revenues:							
Charges for services	\$ 2,896,716	\$ 2,831,997	\$ 9,435,557	\$ 8,337,518	\$ 2,583,380	\$ 2,380,019	\$ 14,915,653
Hookups and connections	20,985	20,575					20,985
Other revenues	180,483	165,012	260,933	260,200	30,043	29,105	471,459
Total operating revenues	<u>3,098,184</u>	<u>3,017,584</u>	<u>9,696,490</u>	<u>8,597,718</u>	<u>2,613,423</u>	<u>2,409,124</u>	<u>15,408,097</u>
Operating Expenses:							
Salaries and benefits	485,415	442,416	1,126,896	855,652			1,612,311
Administrative and supplies	528,835	474,881	1,395,251	1,503,660	2,134,098	1,966,222	4,058,184
Depreciation	552,962	537,791	1,477,806	1,425,023			2,030,768
Total operating expenses	<u>1,567,212</u>	<u>1,455,088</u>	<u>3,999,953</u>	<u>3,784,335</u>	<u>2,134,098</u>	<u>1,966,222</u>	<u>7,701,263</u>
Operating income	<u>1,530,972</u>	<u>1,562,496</u>	<u>5,696,537</u>	<u>4,813,383</u>	<u>479,325</u>	<u>442,902</u>	<u>7,706,834</u>
Nonoperating revenues (expenses):							
Investment income	91,323	89,237	156,169	211,634	3,500	5,079	250,992
Interest expense	(31,782)	(64,044)	(253,830)	(254,633)			(285,612)
Total nonoperating revenues (expenses)	<u>59,541</u>	<u>25,193</u>	<u>(97,661)</u>	<u>(42,999)</u>	<u>3,500</u>	<u>5,079</u>	<u>(34,620)</u>
Income before contributions and transfers	1,590,513	1,587,689	5,598,876	4,770,384	482,825	447,981	7,672,214
Capital Contributions - cap fees and other	342,455	290,698	4,368,401	5,174,477			4,710,856
Transfers in			79,920	79,920			79,920
Transfers (out)	(531,082)	(425,613)	(958,431)	(597,111)	(472,335)	(266,626)	(1,961,848)
Changes in net position	1,401,886	1,452,774	9,088,766	9,427,670	10,490	181,355	10,501,142
Net Position - beginning	30,511,513	29,058,739	99,068,133	89,640,463	1,888,649	1,707,294	131,468,295
Net Position - ending	<u>\$ 31,913,399</u>	<u>\$ 30,511,513</u>	<u>\$ 108,156,899</u>	<u>\$ 99,068,133</u>	<u>\$ 1,899,139</u>	<u>\$ 1,888,649</u>	<u>\$ 141,969,437</u>

The notes to the financial statements are an integral part of this statement.

City of Post Falls
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds						Totals Current Year
	Water Current Year	Water Prior Year	Reclaimed Water Current Year	Reclaimed Water Prior Year	Sanitation Current Year	Sanitation Prior Year	
Cash Flows from Operating Activities							
Receipts from customers	\$ 2,981,193	\$ 3,049,380	\$ 9,621,651	\$ 8,861,933	\$ 2,587,234	\$ 2,417,317	\$ 15,190,078
Payments to suppliers	(654,154)	(415,527)	(1,656,429)	(1,082,028)	(2,109,513)	(1,974,972)	(4,420,096)
Payments to employees	(377,560)	(362,686)	(1,243,927)	(1,012,919)			(1,621,487)
Net cash provided by operating activities	1,949,479	2,271,167	6,721,295	6,766,986	477,721	442,345	9,148,495
Cash Flows from Non-capital Financing Activities							
Transfer from other funds			79,920	79,920			79,920
Operating subsidies and transfers to other funds	(531,082)	(425,613)	(958,431)	(597,111)	(472,335)	(266,626)	(1,961,848)
Advances from other funds	-	465,117	-	968,557			-
Net cash (used) by non-capital financing activities	(531,082)	39,504	(878,511)	451,366	(472,335)	(266,626)	(1,881,928)
Cash Flows from Capital and Related Financing Activities							
Capital contributions	244,001	171,248	3,524,454	4,557,762			3,768,455
Principal payments on capital debt	(165,000)	(165,000)	2,441,021	6,574,979			2,276,021
Interest payments on capital debt	(50,350)	(54,887)	(181,428)	(276,418)			(231,778)
Purchase of capital assets	(273,621)	(238,102)	(5,101,471)	(17,058,750)			(5,375,092)
Net cash (used) provided by capital and related financing activities	(244,970)	(286,741)	682,576	(6,202,427)			437,606
Cash Flows from Investing Activities							
Interest received on investments	82,189	88,801	132,237	213,801	3,500	5,079	217,926
Net cash provided by investing activities	82,189	88,801	132,237	213,801	3,500	5,079	217,926
Net increase (decrease) in cash and cash equivalents	1,255,616	2,112,731	6,657,597	1,229,726	8,886	180,798	7,922,099
Cash and cash equivalents, beginning	14,667,100	12,554,369	32,134,109	30,904,383	1,839,101	1,658,303	48,640,310
Cash and cash equivalents, ending	<u>\$ 15,922,716</u>	<u>\$ 14,667,100</u>	<u>\$ 38,791,706</u>	<u>\$ 32,134,109</u>	<u>\$ 1,847,987</u>	<u>\$ 1,839,101</u>	<u>\$ 56,562,409</u>
Reconciliation of Operating Income to Net Cash Provided by operating activities:							
Operating income	\$ 1,530,972	\$ 1,562,496	\$ 5,696,537	\$ 4,813,383	\$ 479,325	\$ 442,902	\$ 7,706,834
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	552,962	537,790	1,420,106	1,425,023			1,973,068
Changes in assets and liabilities:							
Accounts receivable	(147,306)	31,796	(132,478)	264,215	(26,189)	8,193	(305,973)
Prepaid expense							
Accounts payable	22,114	67,114	(304,647)	371,700	24,585	(8,750)	(257,948)
Accrued payroll	3,326	230		1,075			3,326
Net change in pension liability	(10,095)	79,501	(22,043)	(158,342)			(32,138)
Customer deposits	(2,495)	(7,760)		49,932			(2,495)
Total adjustments	<u>\$ 1,949,478</u>	<u>\$ 2,271,167</u>	<u>\$ 6,657,475</u>	<u>\$ 6,766,986</u>	<u>\$ 477,721</u>	<u>\$ 442,345</u>	<u>\$ 9,084,674</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets	\$ 98,450	\$ 119,450	\$ 843,947	\$ 616,715	\$ -	\$ -	\$ 942,397
Reconciliation of Cash to the Statement of Net Position							
Cash and cash equivalents	\$ 3,737,848	\$ 3,348,741	\$ 6,782,868	\$ 6,441,192	\$ 1,572,230	\$ 1,563,451	\$ 12,092,946
Investments	2,745,085	2,333,091	10,325,812	9,101,183	275,757	275,650	13,346,654
Restricted cash, customer deposits	90,275	92,770	187,753	130,114			278,028
Restricted cash	9,349,508	8,892,498	21,495,273	16,461,620			30,844,781
	<u>\$ 15,922,716</u>	<u>\$ 14,667,100</u>	<u>\$ 38,791,706</u>	<u>\$ 32,134,109</u>	<u>\$ 1,847,987</u>	<u>\$ 1,839,101</u>	<u>\$ 56,562,409</u>

The notes to the financial statements are an integral part of this statement.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

The accounting methods are procedures adopted by the City of Post Falls conform to generally accepted accounting principles as applied to governmental entities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following notes to the financial statements are an integral part of the City's basic financial statements. During the year ended September 30, 2015, the City implemented GASB No. 68, Accounting and Financial Reporting for Pensions. The implementation of these standards requires governments to calculate and report the costs and obligations associated with pension in their basic financial statements. Employers are required to recognize amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflow of resources and pension expense. Additional disclosures required by these standards are also included (Note 5 – Defined Benefit Pension Plan).

The most significant of the City's accounting policies are described below.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Post Falls (the City) is an Idaho municipality. The City provides public safety, street lighting, street construction and maintenance, recreation, parks, planning and zoning, animal control, cemetery, general administration, construction, water, reclaimed water, and sanitation collection services to its citizens.

The accompanying financial statements include all aspects controlled by the City Council of the City of Post Falls. Criteria for inclusion is determined by Governmental Accounting Standards Board Statement No. 14 (GASB No. 14) which states, in general, that legally separate organizations for which the elected officials of the City are financially accountable for must be included in the City's financial statement as a component unit.

Under Idaho Code, in May 1991, the Post Falls City Council passed an ordinance which created the Post Falls Urban Renewal Agency (the Agency), a legally separate entity from the City. The Agency was established to promote urban development and improvement in blighted areas in and around the City. A board of seven directors, which are appointed by the City Council, governs the Agency. The City Council has the ability to appoint, hire, reassign, or dismiss those persons having responsibility for the day-to-day operations of the Agency. These powers of the City meet the criteria set forth in GASB No. 14 for having financial accountability for the Agency. Based on the above, the Agency has been discretely presented in the accompanying financial statements of the City as a component unit.

Under Idaho Code, the Agency has the authority to issue bonds. Any bonds issued by the Agency are payable solely from the proceeds of tax increment financing, and are not a debt of the City. The City Council is not responsible for approving the Agency budget or funding any annual deficits. The Agency controls its disbursements independent of the City Council.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Agency operates on a fiscal year basis from October 1st through September 30th. Complete financial statements of the Agency can be obtained directly from:

Post Falls Urban Renewal Agency
201 E 4th Street
Post Falls, ID 83854

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

The government has one discretely presented component unit. While the Post Falls Urban Renewal Agency is not considered to be a major component unit, they are nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment in lieu of taxes where the amount are reasonably equivalent in value to the inter-fund services provided and other charges between the government's water and general government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

1. The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, charges for services from other funds, intergovernmental revenues, interest and other miscellaneous revenues. Primary expenditures are for general administration.
2. *Debt service fund LID 2004-1* accounts for proceeds and expenditures for a local improvement district that was created for street and reclaimed water improvements. The primary source of revenue is from assessment collection. The primary expenditure is for bond obligations.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. The *capital fund* accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

The government reports the following major proprietary funds:

1. The *reclaimed water fund* is used to account for the activities of the City's water reclamation division.
2. The *water fund* is used to account for the activities of the City's water division.
3. The *sanitation fund* is used to account for the City's contract for garbage collection services.

Additionally, the government reports the following fund types:

1. *Debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.
2. *Special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

During the course of operations the government has activity between funds for various purposes. Any residual balance outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and post-employment benefits funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurements focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Budgetary Data - Annual operating budgets are adopted each fiscal year for each governmental and enterprise fund through passage of an annual budget ordinance. The budget is prepared on a basis consistent with the basis of accounting utilized for each respective fund type (i.e. the modified accrual basis for the governmental funds and accrual basis for the enterprise funds) with the exception that in the enterprise funds, capitalization fees are budgeted as a revenue source, bond principal payments and capital disbursements are budgeted as a revenue source, bond principal payments and capital disbursements are budgeted as expenses, and depreciation is not budgeted. These items are reconciled to GAAP in the statements of Revenues and Expenses – Budget and Actual.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Obligations under capital leases are budgeted in each of the respective funds on a fiscal year basis. Each capital lease agreement has a nonappropriation clause, which generally states that each fiscal year's lease payments are subject to City Council approval. The lease payment appropriations are included in the operating budget.

Reported budgeted amounts are as originally adopted or as amended by Council resolution. Presented budgetary information in these financial statements does not include amendments. The level of budgetary control for the City is at the total fund level per Idaho statute. The appropriated budget is prepared by function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Administrator. The legal level of budgetary control is the fund level. Any changes in the total budget of each fund must be approved by a majority vote of the City Council. The original and amended budgets were properly approved by ordinance during the fiscal year. Encumbrance accounting is not employed as an extension of formal budgetary integration. All outstanding encumbrances lapse and are closed to fund balance at the end of each fiscal year and any remaining unencumbered appropriations lapse at fiscal year-end.

Cash and Investments – The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments".

Cash and investments, except for small amounts of cash on hand, are deposited in pooled accounts of the City. The City invests cash surpluses in these accounts, and investments earnings, as well as gains and losses on sales of securities, are allocated to the various funds on the basis of average cash balances. Funds with deficit cash balance averages (inter-fund payables) are charged interest equivalent to the average investment earnings lost in financing the deficits.

The pooled investments are recorded at cost, which approximates fair value. Investments in mutual funds are recorded at their current redemption value.

Investments – Investments are stated at cost and are comprised principally of time certificates of deposit, government backed securities, and Idaho State pooled investments. Cost at September 30, 2017 materially approximates fair value. Investments on hand at September 30, 2017 meet the guidelines as set by regulations of the State of Idaho. These guidelines include securities of the U.S. Government or its agencies, certificates of deposit placed with commercial banks and savings and loans, banker's acceptances, commercial paper, repurchase agreements, State and County investment pools, insured money market accounts, and passbook savings account demand deposits.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable – Utility accounts receivable, net of allowances for doubtful accounts for the enterprise funds as of September 30, 2017 are as follows:

Water:

Gross accounts receivable	\$728,045
Less allowance for doubtful accounts	<u>(21,750)</u>
Accounts receivable, net	<u>\$706,295</u>

Reclaimed water:

Gross accounts receivable	\$1,159,251
Less allowance for doubtful accounts	<u>(26,338)</u>
Accounts receivable, net	<u>\$1,132,913</u>

Sanitation:

Gross accounts receivable	\$241,778
Less allowance for doubtful accounts	<u>(7,253)</u>
Accounts receivable, net	<u>\$234,525</u>

Due To and From Other Funds – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed.

Restricted Assets – Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in process are not depreciated. Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

	Estimated Life
Machinery and equipment	3 – 10 years
Computer Equipment	3 – 5 years
Computer Software	3 – 5 years
Furniture and fixtures	3 – 15 years
Public domain infrastructure	20 – 50 years
Building/Improvements	20 – 40 years
Reclaimed water System/Improvements	20 – 50 years
Water System/Improvements	20 – 50 years
Vehicles	3 – 5 years

Deferred outflow/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 City 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 and proprietary funds 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 inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has one type of items, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows of resources, is reported only on the government-wide and proprietary funds statement of net position. The government-wide

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and proprietary statement of net position reports deferred inflows of resources from two sources: deferred contracts and accounting for the net pension obligation, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

Net position flow assumption - Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance classifications and policies – The City has adopted GASB 54 as required for fiscal years beginning after June 15, 2010. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City does not have nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of a resolution or ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution/ordinance remains in place until a similar action is taken (the adoption of another resolution or ordinance or the repeal of either) to remove or revise the limitation.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. This classification of fund balance is intended to be used for a specific purpose but does not meet the criteria to be classified as committed. The governing council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

- Unassigned: fund balances of the general fund that is not constrained for any particular purpose.

Stabilization: Resolution 2005-05 sets a stabilization fund balance account target of 15% of operating costs for General Fund. Expenditures of the amounts in the stabilization reserve may occur only when specific circumstances exist. The adopted resolution directs that these resources may be used to mitigate actual revenue shortfalls (when compared to estimated revenues), fund unanticipated emergencies, generate interest income, reduce the need for short-term borrowing and assist in maintaining an investment grade bond rating. These funds may only be expended with Council approval and any time the account balance falls below the above minimum balance due to usage, the City will budget the amount necessary to get back to the appropriate level within five budget years.

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

Property Tax Revenues – Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied. State statute sets maximum property tax rates for the various funds of the City of Post Falls. For the general fund, the City cannot levy more than 103% of the highest amount in the prior three year's certified property tax amount. For other funds, the 3% increase is not applicable but is limited by statute. Rates are expressed in millage of total market value. The millage rate for the 2016-2017 fiscal year was .005253030.

Program revenues - Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – City employees are entitled to certain compensated absences based on their length of employment. Both current and long-term compensated absences are treated by the basic concepts set by GASB-16. Compensated absences are accrued when vested and reported in the government-wide and proprietary financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee resignation and retirement. The General Fund is typically used to liquidate the portion of the City's compensated absences liability pertaining to its governmental activities.

Bond Premiums and Discounts – In the government fund types, bond discounts and premiums are recognized in the current period. For proprietary fund types, such amounts are deferred and amortized over the term of the bonds. Amortization is computed on the straight-line method as follows:

	<u>Years</u>
Water Bond – Premium	10

Proprietary funds operating and nonoperating revenues and expenses - Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and reclaimed water fund are charges to customers for sales and services. The water fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customer to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

Statement of Cash Flows – The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

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 Base Plan' 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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 2: CASH AND INVESTMENTS

Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the Statement of Net Position as "Cash and Investments".

Cash and investments are comprised of the following at September 30, 2017:

Cash on hand	\$ 11,656
Deposits with financial institutions:	
Demand deposit	(254,445)
Time certificates of deposit	771,787
Investments	<u>87,776,893</u>
Total	<u>\$88,305,891</u>

Cash and investments are reflected on the Statement of Net Position as follows:

Cash and cash equivalents	\$25,526,468
Investments	25,168,657
Restricted Cash and Investments	<u>37,610,766</u>
Total	<u>\$88,305,891</u>

Deposits

The carrying amount of the City's deposits with financial institutions was (\$254,445) and the bank balance was \$75,000. Of the bank balance, \$75,000 was covered by federal depository insurance or by collateral held by the government's agent in the government's name. The City currently does not have a formal policy regarding custodial risk for deposits. The City's investments are categorized into three categories of credit risk. Currently the City does not have a formal policy relating to interest rate risk or relating to the credit risk of investments.

Investments

The City's investment policy was developed by the Finance Department and adopted by the City Council. It was also certified by the Association of Public Treasurers, United States & Canada. The policy provides the Finance Director with the authority to invest in any of the securities identified as eligible investments as defined by State statute with primary emphasis of safety of principal and liquidity.

The City participates in the Idaho State Treasurer's Local Governmental Investment Pool (LGIP) which is under the administrative control of the Idaho State Treasurer's Office. The LGIP is rated "AAA" by Standard and Poor's. The pool seeks to maintain a constant value of \$1 per share. The fair value of the City's investment in this pool is reported in the accompanying financial statements

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

at amounts based upon the City's pro-rata share of the fair value, same as the value of the pool shares, provided by the State Pool for the entire State Pool portfolio.

Fair Value - The investments the City has in the State Investment Pool are carried at cost which approximates fair market value.

Credit risk – Credit risk is the risk that a debtor will not fulfill its obligations. All securities registered in the City's name carry a rating of AAA from Moody's and Standard and Poor's.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to cover the value of its investment or collateral securities that are in possession of another party. Authorized collateral includes the legal investment described earlier, as well as certain first mortgage notes, and certain other state or local obligations. According to City policy, the market value of the collateral must be a minimum of 105% of deposits not covered by insurance or bonds. None of the City's deposits or investments was subject to custodial credit risk.

Interest rate risk and concentration of credit risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. According to its investment policy, the City manages its exposure to interest rate risk by purchasing a combination of shorter-term and longer-term investments. The City also manages this risk by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity for operations. Further, the City purchases some securities that have interest rates that step-up over time. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Concentration of credit risk as defined by GASB exists when more than 5% of an investment portfolio is allocated to one security. State statutes contain no limitations on the amount that can be invested in any one issuer. As of September 30, 2017, the City held the following investments (and associated maturities and percentage of portfolio) in its internal investment portfolio:

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investment Type	Fair Value	Weighted Ave. Maturity - Years	Percentage of Portfolio
State Investment Pool	\$ 35,114,160	Daily	40.00%
Mountain West Bank - Repurchase Sweep	24,846,160	Daily	28.31%
Federal Home Loan Bank	12,089,520	6.42	13.77%
Federal Farm Credit Bank	6,149,013	6.95	7.01%
Federal Home Loan Mortgage Corporation	5,253,070	4.96	5.98%
Federal National Mortgage Association	3,756,538	4.89	4.28%
State of Idaho Bonds	490,669	6.00	0.56%
Money Market Funds	77,763	Daily	0.09%
	<u>\$ 87,776,893</u>		

NOTE 3: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2017:

	<u>LID 2004-1</u>	<u>LID 99-1</u>	<u>Total</u>
Beginning Assessment - principal	\$ 400,348	\$ 34,433	\$ 434,781
Assessments collected - principal*	80,773	15,848	96,621
Ending Assessment - principal**	<u>\$ 319,575</u>	<u>\$ 18,585</u>	<u>\$ 338,160</u>
Delinquent amounts	\$ 57,381	\$ -	\$ 57,381
Guarantee/Reserve funds	\$ 246,594	\$ 25,476	\$ 272,070

*Installment payments of principal and interest due from property owners are billed annually.

**Principal amounts are deferred amounts not currently due, but due at a future date.

Note: Please see Note 6 for Long term debt breakdown associated with the above assessments.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2017, is as follows:

	September 30,	Adjustments			September 30,
	2016	Additions	Transfers	Deletions	2017
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$5,223,404	\$1,100,239			\$6,323,643
C.I.P.	4,040,891	\$773,122	(\$13,948)		4,800,065
Total capital assets, not being depreciated	9,264,295	1,873,361	(13,948)		11,123,708
Capital assets, being depreciated:					
Buildings and improvements	19,006,980	319,792			19,326,772
Equipment	6,365,423	383,898	\$13,948	(68,239)	6,695,030
Vehicles	4,804,135	236,856	(23,687)	(16,234)	5,001,070
Infrastructure	45,651,498	3,571,410			49,222,908
Total capital assets, being depreciated	75,828,036	4,511,956	(9,739)	(84,473)	80,245,780
Less: accumulated depreciation					
Buildings and improvements	5,874,753	507,690			6,382,443
Equipment	4,846,184	305,199		(59,565)	5,091,818
Vehicles	3,295,179	346,179	(23,687)	(16,233)	3,601,438
Infrastructure	9,843,767	1,327,129			11,170,896
Total accumulated depreciation	23,859,883	2,486,197	(23,687)	(75,798)	26,246,595
Total capital assets being depreciated, net	51,968,153	2,025,758	13,948	(8,675)	53,999,185
Governmental activities capital assets, net	\$61,232,448	\$3,899,120	\$0	(\$8,675)	\$65,122,893

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 4: CAPITAL ASSETS (Continued)

	September 30, 2016	Additions	Adjustments Transfers	Deletions	September 30, 2017
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Capital assets, not being depreciated:					
Land	\$18,953,358	\$12,540			\$18,965,898
C.I.P.	13,329,090	4,751,761	(\$5,040)		18,075,811
Total capital assets, not being depreciated	<u>32,282,448</u>	<u>4,764,301</u>	<u>(5,040)</u>		<u>37,041,709</u>
Capital assets, being depreciated:					
Wells	3,592,339				3,592,339
Water System	21,340,827	98,450			21,439,277
Equipment	2,506,479	668,490	23,687	(81,387)	3,117,269
Reclaimed Water System	68,107,860	843,947	5,040		68,956,847
Total capital assets, being depreciated	<u>95,547,505</u>	<u>1,610,887</u>	<u>28,727</u>	<u>(81,387)</u>	<u>97,105,732</u>
Less: accumulated depreciation					
Wells	1,331,011	75,999			1,407,010
Water System	7,081,826	422,577			7,504,403
Equipment	1,856,434	113,956	23,687	(81,387)	1,912,690
Reclaimed Water System	22,730,795	1,418,236			24,149,031
Total accumulated depreciation	<u>33,000,065</u>	<u>2,030,768</u>			<u>34,973,133</u>
Total capital assets being depreciated, net	<u>62,547,440</u>	<u>(419,881)</u>	<u>5,040</u>		<u>62,132,599</u>
Business-type activities capital assets, net	<u>\$94,829,887</u>	<u>\$4,344,420</u>			<u>\$99,174,308</u>

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

Governmental activities:	
General government	\$ 399,127
Public safety	397,123
Highways and public works	1,531,930
Culture and recreation	<u>157,484</u>
Total depreciation expense – governmental activities	<u>\$2,485,664</u>
Business-type activities:	
Water	\$552,962
Reclaimed water	<u>1,477,806</u>
Total depreciation expense – business-type activities	<u>\$2,030,768</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN

Plan Description - The City 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.

Employee membership data related to the PERSI Base Plan, as of June 30, 2017 was as follows:

Members:	
Active plan	70,073
Terminated and vested	12,669
Retirees and beneficiaries	45,468
	<u>128,210</u>

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% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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, 2017 it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.32% general employees and 11.66% for police and firefighters. The City contributions were \$1,065,121 for the year ended September 30, 2017.

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

At September 30, 2017, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City'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, 2017, the City's proportion was 0.2942458 percent.

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended September 30, 2017, the City recognized pension expense (revenue) of \$798,242. At September 30, 2017 the City 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	\$ 640,714	\$ 416,677
Changes of assumptions	85,529	-
Net difference between projected and actual earnings on pension plan investments	-	277,105
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	83,309	19,253
City of Post Falls's contributions subsequent to the measurement date	301,292	-
Total	\$ 1,110,844	\$ 713,035

\$301,292 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 September 30, 2017.

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, 2016 the beginning of the measurement period ended June 30, 2017 is 4.9 years and 5.5 for the measurement period June 30, 2016.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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:

2018			\$ (230,408)			
2019			455,550			
2020			145,297			
2021			(273,923)			
2022			-			

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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 - 10%
Salary inflation	3.75%
Investment rate of return	7.1%, net of investment expenses
Cost of Living (COLA) 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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2017 is based on the results of an actuarial valuation date of July 1, 2017.

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.

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, 2017.

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

Capital Market Assumptions

Asset Class	Expected Return	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income	3.05%	3.75%	30%	23%-33%
Cash	2.25%	0.90%	0	0%-5%
	Expected Return	Expected Inflation	Expected Real Return	Expected Risk
Total Fund				
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions

Assumed Inflation- Mean	3.25%
Assumed inflation- Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expense	7.10%

Discount Rate - The discount rate used to measure the total pension liability was 7.10%. 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.

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
Employer's net pension liability (asset) – Employer	\$10,749,541	\$4,625,039	\$(464,586)

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.

NOTE 6: LONG-TERM DEBT

Reclaimed Water Revenue Bonds

On March 15, 1982, the requisite majority of the qualified voters of the City authorized the issuance of Reclaimed water Revenue Bonds in the principal amount of \$3,900,000 to finance the acquisition and construction of improvements and additions to the reclaimed water system of the City. The City issued these bonds on the following dates and in the following amounts: Series 1985, issued May 15, 1985 in the amount of \$929,300; Series 1989, issued May 5, 1989 in the amount of \$1,500,000; and Series 1994, issued April 1, 1994 in the amount of \$1,470,700, for a total issuance of \$3,900,000.

The Series 1985 bonds and the Series 1989 bonds have been paid in full.

Repayment terms on the Series 1994 Bonds are semi-annual payments, due April 1 and October 1, in the amount of \$53,762.54, including interest at 4.00%

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 6: LONG-TERM DEBT (Continued)

On December 30, 2004, the City issued \$3,969,500 of Reclaimed water Revenue bonds, named the City of Post Falls Reclaimed water Revenue Bond, 2004. The proceeds of these bonds, along with other resources of the City, were used to purchase land for land application of reclaimed water.

Currently, the City pumps all reclaimed water into the Spokane River. Future DEQ requirements may restrict this access and alternative means are needed to dispose of this reclaimed water.

Repayment terms on the bonds are annual principal payments (in the amount of \$396,950), due November 1 and quarterly interest payments, due each January 1, April 1, July 1, and November 1. The interest rate is 4.00% for all bonds.

On June 15, 2005, the City issued \$2,100,000 of Reclaimed water Revenue Bonds, named the City of Post Falls Reclaimed water Revenue Bond, 2005. The proceeds of these bonds, along with other resources of the City, were used to purchase land for land application of reclaimed water. This land will be used in conjunction with the land purchased with the City of Post Falls Reclaimed water Revenue Bond, 2004.

Repayment terms on the bonds are semi-annual payments due June 1 and December 1 of each year with interest rates ranging from 3.25% to 4.05 % on the bonds.

On March 19, 2008, the City issued \$3,430,000 of Reclaimed water Revenue Bonds, named the City of Post Falls Reclaimed water Revenue Bond, 2008. The proceeds of these bonds, along with other resources of the City, were used to purchase land next to the water reclamation treatment plant and make improvements to said land. This land will be used for future expansion of the plant and to maintain the vehicle maintenance shop.

Repayment terms on the bonds are semi-annual payments due March 1 and September 1 of each year with interest rates ranging from 3.00% to 5.00% on the bonds.

On March 1, 2016, the City issued \$2,970,000 of Reclaimed water Revenue Bonds, named the City of Post Falls Wastewater Revenue Refunding Bonds, Series 2016. The proceeds of these bonds were used to refund the outstanding bonds for the 2005 Bonds and the 2008 Bonds.

Repayment terms on the bonds on the bonds are semi-annual payments due in March 1 and September 1 of each ear with a fixed interest rate of 1.84% on the bonds.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 6: LONG-TERM DEBT (Continued)

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

RECLAIMED WATER REVENUE BONDS 2016:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2018	\$210,000	\$33,580	\$243,580
2019	215,000	29,716	244,716
2020	220,000	25,760	245,760
2021	230,000	21,712	251,712
2022	230,000	17,480	247,480
2023-2025	<u>720,000</u>	<u>26,564</u>	<u>746,564</u>
	<u>\$1,825,000</u>	<u>\$154,812</u>	<u>\$1,979,812</u>

On June 13, 2017, the City finalized a loan with the Department of Environmental Quality (DEQ) of \$10,836,000. The proceeds from the loan were used to finance the acquisition and construction of improvements and additions to the reclaimed water system of the City. The primary impetus for the facility planning effort is to meet the increasing stringent National Pollutant Discharge Elimination System (NPDES) discharge limits in the Spokane River. The NPDES Permits are being driven by a concern for diminished dissolved oxygen and fish tissue concentration to toxic compounds. Repayment terms on the loan are semi-annual payments due June 13th and December 13th of each year with interest rate of 2.25%.

RECLAIMED WATER REVENUE BONDS 2017:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2018	\$ 434,519	\$ 241,390	\$ 675,909
2019	444,351	231,558	675,909
2020	453,805	222,104	675,909
2021	464,673	211,236	675,909
2022	475,187	200,722	675,909
2023-2037	<u>8,563,465</u>	<u>1,575,170</u>	<u>10,138,635</u>
	<u>\$10,836,000</u>	<u>\$2,682,180</u>	<u>\$13,518,180</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 6: LONG-TERM DEBT (Continued)

Water Revenue Bonds

The City issued \$2,255,000 in revenue bonds with interest rates ranging from 2.0% to 3.5%. The proceeds were used to advance refund \$2,405,655.57 of outstanding DEQ 2005 Bonds. The net proceeds of \$2,666,188.35 (including \$220,250 debt service requirement and after \$40,282.78 in costs of issuance associated with the 2012 bonds) were deposited and distributed accordingly. As a Result, the DEQ 2005 bonds were considered defeased and the liability for those bonds has been removed from the statement of net position.

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

WATER REVENUE REFUNDING BONDS, SERIES 2012:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2018	\$ 175,000	\$45,250	\$ 220,250
2019	180,000	39,925	219,925
2020	185,000	34,450	219,450
2021	190,000	28,350	218,350
2022	195,000	21,613	216,613
2023	205,000	14,613	219,613
2024	210,000	7,350	217,350
2025	<u>105,000</u>	<u>1,838</u>	<u>106,838</u>
	<u>\$1,445,000</u>	<u>\$193,389</u>	<u>\$1,638,389</u>

Long-term liability activity for the year ended September 30, 2017, was as follows:

	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
L.I.D. #99-1:					
	3/01/18	5.50	\$20,000	\$2,220	\$22,220
	3/01/19	5.60	<u>20,000</u>	<u>1,120</u>	<u>21,120</u>
			<u>\$40,000</u>	<u>\$3,340</u>	<u>\$43,340</u>
L.I.D. 2004-1:					
	5/01/18	4.80	\$65,000	\$66,190	\$131,190
	5/01/19	4.85	70,000	63,070	133,070
	5/01/20	4.90	75,000	59,675	134,675
	5/01/21	5.00	<u>1,120,000</u>	<u>56,000</u>	<u>1,176,000</u>
			<u>\$1,330,000</u>	<u>\$244,935</u>	<u>\$1,574,935</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 6: LONG-TERM DEBT (Continued)

Changes in long-term liabilities

The City is fully obligated for the local improvement debt, placing liens against the property owners to ensure payment to the City. The LID Guarantee Fund was established by ordinance to provide additional security for the local improvement district bondholders. This fund is maintained at a level equivalent to 7% of the outstanding LID bonds, excluding LID 2004-1, which has its own debt service reserve. The required balance for this fund at September 30, 2017 is \$2,800. As of September 30, 2017, \$25,476 is set-aside in this fund.

Changes in governmental activity long-term debt are as follows:

	<u>Balance</u> <u>10/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/17</u>
Compensated absences	\$ 686,204	\$ 52,718	\$ 23,891	\$ 715,031
Local imp. bonds payable	<u>1,455,000</u>	<u> </u>	<u>85,000</u>	<u>1,370,000</u>
	<u>\$2,141,204</u>	<u>\$ 52,718</u>	<u>\$108,891</u>	<u>\$2,085,031</u>

	<u>Due in</u> <u>One Year</u>
Compensated absences	\$ 400,417
Local imp. bond payable	<u>85,000</u>
	<u>\$ 485,417</u>

Changes in business-type activity long-term debt are as follows:

	<u>Balance</u> <u>10/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/17</u>
Compensated absences	\$ 90,922	\$ 3,695		\$ 94,617
Premium on bonds payable	144,162		\$16,018	128,144
DEQ Loan	7,964,979	2,871,021		10,836,000
Bonds payable	<u>3,865,000</u>	<u> </u>	<u>595,000</u>	<u>3,270,000</u>
	<u>\$12,065,063</u>	<u>\$2,874,716</u>	<u>\$611,018</u>	<u>\$14,328,761</u>

	<u>Due in</u> <u>One Year</u>
Compensated absences	\$ 52,986
Bonds payable	<u>819,519</u>
	<u>\$888,523</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 7: COMPONENT UNIT DISCLOSURES

As disclosed in Note 1, the Post Falls Urban Renewal Agency meets the criteria for discrete presentation in the City's financial statements as a component unit. The following paragraphs describe significant transactions between the two entities and provide relevant disclosures related to the Agency.

Long-Term Debt

At the end of FY 2017, the Post Falls Urban Renewal Agency has outstanding debt totaling \$5,975,603 for project financing from Washington Trust Bank.

Agency Cash and Investments

Deposit Insurance Corporation up to \$250,000. As of September 30, 2017, the Agency had uninsured balances totaling \$0.

The carrying amount of the Agency's deposits and investments as of September 30, 2017 is categorized as follows:

Cash and cash equivalents	\$ 55,889
Restricted cash and cash equivalents	756,313
Equity in the state investment pool	2,079,509
Amount insured by the FDIC or other agencies	<u>697,733</u>
Total	<u>\$3,589,444</u>

State statutes authorize the Agency's investments. The Agency is authorized to invest in U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, government pools, and money market funds consisting of any of these securities listed. No unauthorized investment transactions were carried out by the Agency during the year.

Investments in 2a7-like pools are valued based upon the value of pool shares. The Agency invests in one 2a7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's Office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. GASB Statement No. 3 requires the Agency to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. The Pool has not been assigned a risk category since the Agency is not issued securities, but rather it owns an undivided beneficial interest in the assets of the Pool. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body nor is any balance insured by the Federal Deposit Insurance Corporation. Financial reports are available from the Idaho State Treasurer's Office upon request.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 7: COMPONENT UNIT DISCLOSURES (Continued)

The balances above that the Agency has in the State Investment Pool are carried at amortized costs, which is permitted pursuant to GASB 31. The Agency's portion of the State Investment Pool had an unrealized gain of \$7,694 as of September 30, 2017, which has not been reflected in the financial statements.

State statues authorize the Agency to invest in U.S. Government obligations and its agencies, obligations of Idaho, and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, government pools, and money market funds consisting of any of these securities listed. No unauthorized investment transactions were carried out by the Agency during the year.

GASB Statement No. 40 requires the Agency to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The short term investment pools are not evidenced by securities that exist in physical or book entry form and accordingly, are not categorized for credit risk.

The Agency's investments have been classified into the following three categories or credit risk:

1. Insured or registered, or securities held by the Agency or its agent in the Agency's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Agency's name.
3. Uninsured and unregistered, with securities held by the counter party or by the counter party's trust department or agent, but not in the Agency's name.

The following schedule classifies the investments of the Agency as of September 30, 2016, in the above categories:

	Category			Carrying Amount
	1	2	3	
Certificates of Deposit	\$ 697,733	-	-	697,733
Total Investments	\$ 697,733	-	-	697,733

Receivables

The following is a schedule of property taxes assessed for the year, collected, and remaining to be received.

<u>Year</u>	<u>Balance</u> <u>9/30/2016</u>	<u>Assessment</u> <u>Levied</u>	<u>Adjustments &</u> <u>Collections</u>	<u>Balance</u> <u>9/30/2017</u>
2007-2016	<u>\$184,849</u>	<u>\$4,423,061</u>	<u>(\$4,350,367)</u>	<u>\$257,543</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 7: COMPONENT UNIT DISCLOSURES (Continued)

In accordance with NCGA Interpretation #3, revenue, which is not received within 60 days of the year-end, has been reflected as unavailable revenue – property taxes. The balance as of September 30, 2017 is as follows:

Taxes Due at September 30, 2017	\$ 257,543
Received October 2017	(17,046)
Received November 2017	<u>(5,922)</u>
Total	<u>\$ 234,575</u>

Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Office Furniture	\$ 2,114			\$ 2,114
Less Accumulated Depreciation	1,952	162		2,114
Capital Assets, Net	<u>\$ 162</u>	<u>162</u>	<u>-</u>	<u>\$ -</u>

Long Term Obligations & Commitments

Watson and Associates (Expo) – During the 2007 fiscal year, the Agency entered into a Settlement Agreement with Watson and Associates for the Expo Urban Renewal District in an amount not to exceed \$4,702,827. Under this Agreement, the Agency will reimburse the cost of infrastructure improvements made within the Expo Urban Renewal District. Seven (7) separate costs submittals totaling \$1,649,337 have been approved. In March 2014, financing cost reimbursements totally \$96,509 was approved and added to the obligation. It is anticipated that as infrastructure improvements are completed, further reimbursement requests will be made. The Agency is only obligated to reimburse Watson and Associates from tax increment revenues of the Agency generated within the district. The Agency receives tax increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve, and pay any district debt. The amount remaining is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$1,745,846 was reimbursed in previous fiscal years.

Greenstone-Kootenai, Inc. (West Seltice II) – In July 2007, the Agency entered into an Owner Participation Agreement with Greenstone- Kootenai, Inc. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made within the West Seltice II Urban Renewal

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 7: COMPONENT UNIT DISCLOSURES (Continued)

District totaling \$1,990,008. The Agency is only obligated to reimburse Greenstone-Kootenai, Inc. if tax increment revenues of the Agency, directly resulting from the project improvements made by Greenstone-Kootenai, Inc. are available. The Agency receives tax increment revenue and then deducts the amount necessary to cover administrative costs, fund the district reserve, and pay any district debt. The amount remaining is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$960,099 was reimbursed in previous fiscal years, and \$214,430 was reimbursed in fiscal year 2017, leaving a balance of \$815,479.

Tullamore Properties, LLC (East Post Falls) – During the 2008 fiscal year, the Agency entered into an Owner Participation Agreement with Tullamore Properties, LLC. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made within the East Post Falls Urban Renewal District totaling \$2,724,027. During fiscal year 2016 reimbursements totaling \$1,741,887 were approved and added to the obligation. The Agency is only obligated to reimburse Tullamore Properties, LLC if tax increment revenues of the Agency, directly resulting from the project improvements made by Tullamore Properties, LLC are available. The Agency receives increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve, and pay any district debt. The amount remaining is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$1,762,857 was reimbursed in previous fiscal years, and \$476,722 was reimbursed in fiscal year 2017, leaving a balance of \$2,226,335.

Tullamore Properties, LLC (East Post Falls) – During the 2013 fiscal year, the Agency entered into an Owner Participation Agreement with Tullamore Commons II, LLC. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made within the East Post Falls Urban Renewal District in an amount not to exceed \$325,000. The Agency is only obligated to reimburse Tullamore Commons II, LLC. If tax increment revenues of the Agency, directly resulting from the project improvements made by Tullamore Commons II, LLC are available. The Agency receives increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve, and pay any district debt. The amount remaining is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$48,710 was reimbursed in previous fiscal years, and \$30,477 was reimbursed in fiscal year 2017, leaving a balance of \$245,813.

The Point, LLC (Center Point) – During the 2012 fiscal year, the Agency entered into an Owner Participation Agreement with The Point, LLC. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made within the Center Point Urban Renewal District. The Agency is only obligated to reimburse The Point, LLC if tax increment revenues of the Agency, directly resulting from the project improvements made by The Point, LLC are available. The Agency receives increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve, and pay any district debt. The amount remaining is the reimbursement. Of the initial reimbursement request totaling \$6,975,760, the amount of \$3,552,954 was approved for payment in fiscal year 2012, with the balance of \$3,422,806 was approved in fiscal year 2013, and \$91,554 was approved in fiscal year 2015 for reimbursement, totaling approved reimbursements of \$7,067,314. Of the total amount the Agency has agreed to reimburse, \$4,473,036 was reimbursed in previous fiscal years, and \$782,942 was reimbursed in fiscal year 2017, leaving a balance of \$1,811,336.

Agency entered into an operating lease for a copier. The term of the lease is 36 months with monthly payments of \$126. The lease ends in September 2017. Lease expense for the year ended September 30, 2017 was \$1,512.

The Agency also leases its office space. The term of the lease is 12 months with annual payments of \$7,740. Rent expense for the year ended September 30, 2017 was \$7,740.

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 7: COMPONENT UNIT DISCLOSURES (Continued)

In October 2013, the Post Falls Urban Renewal Agency signed loan documents for a Revenue Allocation Note, Series 2013 (the "Note") in the amount up to \$13,000,000. The Note is subject to a tax exempt rate of 3.10% per annum from the date of the first draw under the Note through September 23, 2018. On September 24, 2018, the annual interest rate shall be reset. The original terms of the Note were amended on September 18, 2014 wherein the first payment due date was changed to September 1, 2015. The note shall be payable in semi-annual payments, consisting of principal and accrued interest, commencing on September 1, 2015, continuing thereafter on the 1st day of each March and September until September 1, 2023. Payment made on March 1 will be in the amount of \$1,100,000 and payments on September 1 will be in the amount of \$650,000. The Post Falls Urban Renewal Agency has established and maintains a Reserve Fund in the amount of \$756,313 at Washington Trust Bank pursuant to loan covenants.

In November 2014, the Post Falls Urban Renewal Agency signed loan document for financing of the Post Falls City Center Corridor Project (the "Note") in the amount up to \$1,200,000. The Note is subject to a fixed rate of 3.95% for the four year term of the loan reflecting a tax exempt rate equivalent of 2.70%, fixed for the same period of time. The Note shall be payable in semi-annual payments of \$158,866.42, consisting of principal and accrued interest, commencing on March 1, 2015, continuing thereafter on the 1st day of each September and March until September 1, 2018. The Post Falls Urban Renewal Agency has pledged tax increment revenues from City Center District.

NOTE 8: DEFICIT FUND EQUITY

The following funds had deficit fund equity at September 30, 2017:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Cemetery Capital Improvements	\$39,445
Debt Service:	
LID 99-1	\$ 4,078

Management is aware of this deficit and is taking appropriate action.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Commitments – The City is currently working on a few reclaimed water, parks and street projects. The first and largest project is the reclaimed water facility plan. In parks, rebuilding a major hiking/walking trail along Hwy.41, the continuation of a cemetery expansion, and beginning to update the Water Master Plan, Wastewater Master Plan, Impact Fees, and the Comprehensive Plan.

Litigation – The City is a party to legal actions arising in the ordinary course of its business. In management's opinion, the City has adequate legal defenses and/or insurance coverage relative to each of these actions. Management does not believe any other actions will materially affect the City's operations or financial position.

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Intergovernmental Grants – The City has received several federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

NOTE 10: DEFERRED COMPENSATION PLANS

Employees of the City may elect to participate in a Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, retirement or unforeseeable emergency.

As per GASB Statement No. 32, the City does not list this plan on its Financial Statements.

NOTE 11: TRANSFERS

The composition of inter-fund transfers as of September 30, 2017, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,036,848	\$ 943,690
Capital Fund	850,000	34,461
Nonmajor Governmental Funds	48,381	75,150
Enterprise Funds	<u>79,920</u>	<u>1,961,848</u>
Totals	<u>\$3,015,149</u>	<u>\$3,015,149</u>

The principal purposes for the transfer of funds from the Enterprise funds to the General fund to cover the administration costs of operating the City’s utility division (water, reclaimed water, and sanitation). The principal purpose of the transfer of funds from General fund to the Enterprise funds was to cover the lease costs of the street and fleet shop housed at the water reclamation plant. The principal purpose for the transfer of funds from the Capital fund to the General fund was to establish a reserve for land acquisitions. The principal purpose for the transfer of funds from the Nonmajor governmental funds to the General fund is to cover the administrative costs of the Street Light fund and cover the administrative costs of the 911 Support fund.

NOTE 12: INTERFUND RECEIVABLES/PAYABLES

The composition of inter-fund balances as of September 30, 2017 is as follows:

Inter-fund receivable/payable:

	<u>Receivable</u>	<u>Payable</u>
Nonmajor Governmental Funds		\$ 262,480
Enterprise Funds	<u>\$ 262,480</u>	
Totals	<u>\$ 262,480</u>	<u>\$ 262,480</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 12: INTERFUND RECEIVABLES/PAYABLES (Continued)

The current purposes for the inter-fund/payables in the City is or borrowing from other funds. The 911 Support Fund owes \$262,480 Water Fund for construction of a wireless communication tower in 2016 that will be paid over the next five to ten years.

NOTE 13: RISK MANAGEMENT

The City faces a considerable number of risks of loss, including: a) damage to and loss of property and contents, b) employee torts, c) professional liability, i.e., errors and omissions, d) environmental damage, e) workers' compensation, i.e., employee injuries, and f) medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. The only area they do not have insurance coverage for is environmental damage. This is due to lack of available coverage. During the last three years, the City has not had a claim in excess of insurance coverage. Therefore, there have been no outstanding claims at the end of those three years.

The first method the City provides is participation in a risk management program called the Idaho Counties Reciprocal Management Program (ICRMP). ICRMP is an insurance pool which serves all public entities in Idaho through provision of property, general liability (employee torts), auto liability and physical damages, and public officials' insurance (errors and omissions). ICRMP provides loss prevention training to enable its subscribers to minimize their exposure to loss through implementation of proper policies and procedures.

The costs of these insurance premiums are charged to the Comprehensive Liability Insurance fund for governmental fund operations and enterprise funds for proprietary fund operations. The Comprehensive Liability Insurance fund has the power to levy an annual property tax to provide for funds to pay premiums and settlements.

The City, also, participates in the Idaho State Insurance Fund. This statewide program provides coverage for workers' compensation claims. The City is charged premiums by a rating method the program uses. This rating method is based on a per employee job risk basis. After the end of every year, the City is audited, and based on their claims throughout the year, can be eligible for a refund. If the usage was excessive throughout the year, the Insurance Fund would increase the employee ratings where the use was excessive, causing the rates to increase for the following year.

In the past, the City has received refunds on a regular basis. The premiums for this program are budgeted directly through each department.

Last the City provides various types of employee insurance. The City has chosen to not be self-insured in this area. The City provides a benefit amount to each eligible employee. This benefit amount can be used towards the purchase of eligible insurance premiums, dictated by Internal Revenue Service codes. Currently, the City makes available for the employee to purchase medical, dental, life, and some supplemental insurance. Any insurance premiums not covered by this benefit amount are taken from the employee's wages. Excessive use of these insurance programs would

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2017**

NOTE 13: RISK MANAGEMENT (Continued)

be reflected in increased premiums in the following year. The benefit amount paid by the City is budgeted directly through each department.

NOTE 14: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$2,122,609 difference are as follows:

Bonds payable	\$1,370,000
Accrued interest payable	37,578
Compensated absences	<u>715,031</u>
 Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	 <u>\$2,122,609</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains the “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and report as depreciation expense.” The details of this \$305,428 are as follows:

Capital outlay	\$2,900,722
Depreciation	<u>(2,486,197)</u>
 Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ 414,525</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 14: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The details of this \$(50,559) difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. \$3,467,024

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* \$3,467,024

Another element of that reconciliation states that “Some revenues in the statement of activities do not provide current financial resources and are not reported as revenue in the funds. The details of this \$(136,229) difference are as follows:

Property taxes \$ (35,041)
Special assessment debt issued and repaid (96,622)

Net adjustment to *decrease net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* \$(131,663)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(54,901) difference are as follows:

Debt issued or incurred:
 Compensated absences \$(24,374)
Principal repayments:
 Special assessment debt 85,000
Accrued interest payable (5,725)

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* \$54,901

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2017

NOTE 14: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The net pension effect related to the pension expense recognized for the year. \$242,209

NOTE 15: RECONCILIATION OF INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

Governmental Activities:

Capital assets, net of depreciation	\$65,122,894
Local improvement bonds payable	<u>(1,370,000)</u>
Net investment in capital assets	<u>\$63,752,894</u>

Business-Type Activities:

Capital assets, net of depreciation	\$99,174,308
Idaho Department of Environmental Quality Bond	(10,836,000)
Reclaimed water bonds payable	(1,825,000)
Water bonds payable	<u>(1,445,000)</u>
Net investment in capital assets	<u>\$85,068,308</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

The following schedule is a budgetary comparison schedule for the General Fund.

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted at a legal appropriation level while on a GAAP budgetary basis.

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual**

**Major Governmental Funds
(required supplementary information)**

General Fund

**City of Post Falls
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
General taxes	\$ 10,609,987	\$ 10,609,987	\$ 10,862,381	\$ 252,394
Intergovernmental revenue	4,176,346	4,251,346	4,597,495	346,149
Charges for services	1,628,983	2,559,473	3,377,766	818,293
Other revenue	596,235	596,235	276,402	(319,833)
Interest	35,000	35,000	64,508	29,508
Total revenues	<u>17,046,551</u>	<u>18,052,041</u>	<u>19,178,552</u>	<u>1,126,511</u>
Expenditures				
Current:				
General government	7,511,087	8,745,178	6,139,662	2,605,516
Public safety	6,042,316	6,139,627	6,197,514	(57,887)
Highways and public works	3,339,035	3,498,102	3,030,104	467,998
Culture and recreation	2,152,585	2,149,966	2,098,400	51,566
Capital outlay	1,416,394	2,246,381	773,037	1,473,344
Debt service				
Principal				
Interest				
Total expenditures	<u>20,461,417</u>	<u>22,779,254</u>	<u>18,238,717</u>	<u>4,540,537</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,414,866)</u>	<u>(4,727,213)</u>	<u>939,835</u>	<u>5,667,048</u>
Other financing sources (uses):				
Transfers in	1,749,848	1,961,848	2,036,848	
Transfers (out)	<u>(229,920)</u>	<u>(929,920)</u>	<u>(943,690)</u>	<u>(13,770)</u>
Total other financing sources (uses)	<u>1,519,928</u>	<u>1,031,928</u>	<u>1,093,158</u>	<u>(13,770)</u>
Net changes in fund balance	(1,894,938)	(3,695,285)	2,032,993	5,653,278
Fund balances - beginning	<u>18,550,826</u>	<u>18,550,826</u>	<u>18,550,826</u>	
Fund balances - ending	<u>\$ 16,655,888</u>	<u>\$ 14,855,541</u>	<u>\$ 20,583,819</u>	<u>\$ 5,653,278</u>

**Schedule of Employer's Share of
Net Pension Liability**

(required supplementary information)

City of Post Falls
Schedule of Employer's Share of Net Pension Liability
For the Year Ended September 30, 2017
PERSI - Base Plan
Last 10 - Fiscal Years *

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability.	0.2942458%	0.2940635%	0.2854469%
Employer's proportionate share of the net pension liability.	\$4,625,039	\$5,961,119	\$3,758,871
Employer's covered-employee payroll.	9,051,120	8,605,857	8,100,621
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll.	51.10%	69.27%	46.40%
Plan fiduciary net position as a percentage of the total pension liability.	90.68%	87.26%	91.38%

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

** Date reported in measured as of Julne 30, 2017 (measurement date)

**Schedule of Employer
Contributions**

(required supplementary information)

**City of Post Falls
 Schedule of Employer Contributions
 For the Year Ended September 30, 2017
 PERSI - Base Plan
 Last 10 - Fiscal Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution.	\$ 992,233	\$ 874,140	\$ 933,702
Contributions in relation to the statutorily required contribution.	<u>(1,048,596)</u>	<u>(986,907)</u>	<u>(916,971)</u>
Contribution deficiency (excess).	<u>(56,363)</u>	<u>(112,767)</u>	<u>16,731</u>
Employer's covered-employee payroll of its covered-employee payroll.	\$ 9,051,120	\$ 8,605,857	\$ 8,100,621
Contributions as a percentage of covered employee payroll.	11.59%	11.47%	11.32%

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

** Date reported in measured as of June 30, 2017.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Cemetery Perpetual Care - accounts for revenue received from cemetery lot sales used to maintain and expand cemetery capital expenditures.

HUD Loan Fund - accounts for loans made to low-income citizens requiring assistance in connecting to the City sewer systems along with other community enhancement projects.

Falls Park Signs - accounts for revenues and expenditures on special Falls Park projects funded by donations.

Special Events - accounts for tourism and community-oriented events that are self-supporting.

Street Lights - accounts for the component of City utilities that were billed out monthly to pay for the cost of lighting the City's streets.

911 Support - accounts for the capital investment in the City's 911 Center with money collected by the County from each resident's phone bill.

Drug Seizure – accounts for monies acquired during drug seizure activities.

Debt Service Funds

The debt service funds are used to account for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

LID 99-1 - accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

LID Guarantee – accounts for additional security for the LID bonds. This fund is established by ordinance.

**City of Post Falls
Combining Balance Sheet
Nonmajor Government Funds
September 30, 2017**

	Special Revenue Funds						Debt Service Funds		Total Other Governmental Funds	
	Cemetery Perpetual Care	HUD Loan Fund	Falls Park Signs	Special Events	Street Lights	911 Support	Drug Seizure	LID 99-1		LID Guarantee
Assets										
Cash		\$ 1,325	\$ 1,616	\$ 109,251	\$ 125,048	\$ 621,204	\$ 32,758		\$ 25,476	\$ 916,678
Accounts receivable:										
Loans receivable		8,975								8,975
Miscellaneous Customers	\$ 209,054				728	59,780		\$ 27		209,081 60,508
Assessments - delinquent - deferred								18,585		18,585
Restricted current assets:										
Cash and cash equivalents						13,520				13,520
Total assets	<u>\$ 209,054</u>	<u>\$ 10,300</u>	<u>\$ 1,616</u>	<u>\$ 109,251</u>	<u>\$ 125,776</u>	<u>\$ 680,984</u>	<u>\$ 46,278</u>	<u>\$ 18,612</u>	<u>\$ 25,476</u>	<u>\$ 1,227,347</u>
Liabilities:										
Accounts payable	\$ 19,735					\$ 25,811	\$ 1,749			\$ 47,295
Due to other funds	228,764							\$ 4,105		232,869
Unapplied Credit									\$ 8,958	8,958
Interfund payable						262,480				262,480
Restricted customer deposits							13,520			13,520
Total liabilities	<u>248,499</u>					<u>288,291</u>	<u>15,269</u>	<u>4,105</u>	<u>8,958</u>	<u>565,122</u>
Deferred Inflows of Resources										
Unavailable revenue - other		\$ 8,975								8,975
Unavailable revenue - special assessment								\$ 18,585		18,585
Total Deferred Inflows of Resources		<u>8,975</u>						<u>18,585</u>		<u>27,560</u>
Fund Balance										
Restricted:										
Special revenue projects	(39,445)	1,325	\$ 1,616	109,251	125,776					229,532
Special assessment debt								(4,078)	\$ 16,518	12,440
Unassigned:						392,693				392,693
Total fund balance	<u>(39,445)</u>	<u>1,325</u>	<u>1,616</u>	<u>109,251</u>	<u>125,776</u>	<u>392,693</u>	<u>31,009</u>	<u>(4,078)</u>	<u>16,518</u>	<u>634,665</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 209,054</u>	<u>\$ 10,300</u>	<u>\$ 1,616</u>	<u>\$ 109,251</u>	<u>\$ 125,776</u>	<u>\$ 680,984</u>	<u>\$ 46,278</u>	<u>\$ 18,612</u>	<u>\$ 25,476</u>	<u>\$ 1,227,347</u>

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Cemetery Perpetual Care - accounts for revenue received from cemetery lot sales used to maintain and expand cemetery capital expenditures.

HUD Loan Fund - accounts for loans made to low-income citizens requiring assistance in connecting to the City sewer systems along with other community enhancement projects.

Falls Park Signs - accounts for revenues and expenditures on special Falls Park projects funded by donations.

Special Events - accounts for tourism and community-oriented events that are self-supporting.

Street Lights - accounts for the component of City utilities that were billed out monthly to pay for the cost of lighting the City's streets.

911 Support - accounts for the capital investment in the City's 911 Center with money collected by the County from each resident's phone bill.

Drug Seizure – accounts for monies acquired during drug seizure activities.

Debt Service Funds

The debt service funds are used to account for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

LID 99-1 - accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

LID Guarantee – accounts for additional security for the LID bonds. This fund is established by ordinance.

City of Post Falls
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Government Funds
For the fiscal year ended September 30, 2017

	<u>Special Revenue Funds</u>						<u>Debt Service Funds</u>		Total Other Governmental Funds	
	Cemetery Perpetual Care	HUD Loan Fund	Falls Park Signs	Special Events	Street Lights	911 Support	Drug Seizure	LID 99-1		LID Guarantee
Revenues:										
Charges-services/program remittances				\$ 32,071		\$ 382,556			\$ 414,627	
Other revenue	\$ 252,424			1,855	\$ 13	6,000	\$ 16,501		276,793	
Principal							\$ 8,467		8,467	
Interest		\$ 3	\$ 3	204	92	1,302	97	\$ 61	3,599	
Total revenues	<u>252,424</u>	<u>3</u>	<u>3</u>	<u>34,130</u>	<u>105</u>	<u>389,858</u>	<u>16,598</u>	<u>10,304</u>	<u>61</u>	<u>703,486</u>
Expenditures:										
Current:										
General government					(2,178)			2,000	(178)	
Public safety						195,199	18,381		213,580	
Highways and public works										
Culture and recreation	29,686			23,071					52,757	
Capital outlay	187,146					33,842	9,866		230,854	
Debt service:										
Principal								20,000	20,000	
Interest						8,859		3,300	12,159	
Total expenditures	<u>216,832</u>			<u>23,071</u>	<u>(2,178)</u>	<u>237,900</u>	<u>28,247</u>	<u>25,300</u>	<u>529,172</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>35,592</u>	<u>3</u>	<u>3</u>	<u>11,059</u>	<u>2,283</u>	<u>151,958</u>	<u>(11,649)</u>	<u>(14,996)</u>	<u>61</u>	<u>174,314</u>
Other financing sources (uses):										
Transfers in				13,770		34,461		150	48,381	
Transfers out	(75,000)							(150)	(75,150)	
Total other financing sources (uses)	<u>(75,000)</u>			<u>13,770</u>		<u>34,461</u>			<u>(26,769)</u>	
Net change in fund balance	<u>(39,408)</u>	<u>3</u>	<u>3</u>	<u>24,829</u>	<u>2,283</u>	<u>186,419</u>	<u>(11,649)</u>	<u>(14,996)</u>	<u>61</u>	<u>147,545</u>
Fund balance - beginning	<u>(37)</u>	<u>\$ 1,322</u>	<u>1,613</u>	<u>84,422</u>	<u>123,493</u>	<u>206,274</u>	<u>42,658</u>	<u>10,918</u>	<u>16,457</u>	<u>487,120</u>
Fund balance - ending	<u>\$ (39,445)</u>	<u>\$ 1,325</u>	<u>\$ 1,616</u>	<u>\$ 109,251</u>	<u>\$ 125,776</u>	<u>\$ 392,693</u>	<u>\$ 31,009</u>	<u>\$ (4,078)</u>	<u>\$ 16,518</u>	<u>\$ 634,665</u>

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual**

Major Governmental Funds

LID 2004-1 - accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

CAPITAL FUND - accounts for money restricted for capital improvements to be made to streets, parks, public safety, and general government.

**City of Post Falls
Debt Service Fund
LID 2004-1
Statement of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
For the Year Ended September 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Principal	\$ 100,000	\$ 100,000	\$ 105,014	\$ 5,014
Interest	80,900	80,900	24,911	(55,989)
Total revenues	<u>180,900</u>	<u>180,900</u>	<u>129,925</u>	<u>(50,975)</u>
Expenditures				
Current:				
General government	7,600	7,600	7,600	
Capital outlay				
Debt Service				
Principal	60,000	60,000	65,000	(5,000)
Interest	72,097	72,097	34,278	37,819
Total expenditures	<u>139,697</u>	<u>139,697</u>	<u>106,878</u>	<u>32,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>41,203</u>	<u>41,203</u>	<u>23,047</u>	<u>(18,156)</u>
Other financing sources (uses):				
Total other financing sources (uses)				
Net change in fund balance	41,203	41,203	23,047	(18,156)
Fund balance - beginning	<u>401,018</u>	<u>401,018</u>	<u>401,018</u>	
Fund balance - ending	<u>\$ 442,221</u>	<u>\$ 442,221</u>	<u>\$ 424,065</u>	<u>\$ (18,156)</u>

**City of Post Falls
Capital Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance-Budget and Actual
For the Year Ended September 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for services	650,000	650,000	1,803,322	1,153,322
Other revenue			2,607	2,607
Interest	35,500	35,500	11,648	(23,852)
Total revenues	<u>685,500</u>	<u>685,500</u>	<u>1,817,577</u>	<u>1,132,077</u>
Expenditures				
Current:				
General government	4,150,563	4,850,563	3,951	4,846,612
Capital outlay	865,000	865,000	1,896,831	(1,031,831)
Debt Service				
Principal				
Interest				
Total expenditures	<u>5,015,563</u>	<u>5,715,563</u>	<u>1,900,782</u>	<u>3,814,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,330,063)</u>	<u>(5,030,063)</u>	<u>(83,205)</u>	<u>4,946,858</u>
Other financing sources (uses):				
Transfers in	150,000	850,000	850,000	
Transfers out	(34,461)	(34,461)	(34,461)	
Total other financing sources (uses)	<u>115,539</u>	<u>815,539</u>	<u>815,539</u>	
Net change in fund balance	(4,214,524)	(4,214,524)	732,334	4,946,858
Fund balance - beginning	<u>7,728,732</u>	<u>7,728,732</u>	<u>7,728,732</u>	
Fund balance - ending	<u>\$ 3,514,208</u>	<u>\$ 3,514,208</u>	<u>\$ 8,461,066</u>	<u>\$ 4,946,858</u>

City of Post Falls
Cemetery Perpetual Care Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended September 30, 2017

	2017		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Other revenue	\$ 261,093	\$ 252,424	\$ (8,669)
Interest			
Total revenues	<u>261,093</u>	<u>252,424</u>	<u>(8,669)</u>
Expenditures:			
Culture and recreation		29,686	(29,686)
Capital Outlay	40,000	187,146	(147,146)
Total expenditures	<u>40,000</u>	<u>216,832</u>	<u>(176,832)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>221,093</u>	<u>35,592</u>	<u>(185,501)</u>
Other financing sources (uses):		(75,000)	
Total other financing sources (uses)		<u>(75,000)</u>	
Net change in fund balance	221,093	(39,408)	(185,501)
Fund balance - beginning	<u>(37)</u>	<u>(37)</u>	
Fund balance - ending	<u>\$ 221,056</u>	<u>\$ (39,445)</u>	<u>\$ (185,501)</u>

**City of Post Falls
 HUD Loan Special Revenue Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance-Budget and Actual
 For the Year Ended September 30, 2017**

	2017		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest		\$ 3	
Total revenues		3	
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		3	3
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		3	3
Fund balance - beginning	\$ 1,322	1,322	
Fund balance - ending	\$ 1,322	\$ 1,325	\$ 3

**City of Post Falls
Falls Park Signs Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended September 30, 2017**

	2017		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest		\$ 3	3
Total revenues		3	3
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		3	3
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		3	3
Fund balance - beginning	\$ 1,613	1,613	
Fund balance - ending	\$ 1,613	\$ 1,616	\$ 3

City of Post Falls
Special Events Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended September 30, 2017

	2017		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Charges-services/programs	\$ 33,398	\$ 32,071	\$ (1,327)
Other revenue	6,250	1,855	(4,395)
Interest		204	204
Total revenues	<u>39,648</u>	<u>34,130</u>	<u>(5,518)</u>
Expenditures:			
Culture and recreation	<u>39,648</u>	<u>23,071</u>	<u>16,577</u>
Total expenditures	<u>39,648</u>	<u>23,071</u>	<u>16,577</u>
Excess (deficiency) of revenues over (under) expenditures		<u>11,059</u>	<u>11,059</u>
Other financing sources (uses):			
Transfers in		<u>13,770</u>	<u>13,770</u>
Total other financing sources (uses)		<u>13,770</u>	<u>13,770</u>
Net change in fund balance		24,829	24,829
Fund balance - beginning	<u>84,422</u>	<u>84,422</u>	
Fund balance - ending	<u>\$ 84,422</u>	<u>\$ 109,251</u>	<u>\$ 24,829</u>

**City of Post Falls
Street Lights Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2017**

	2017		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Charges-services/programs	\$ -	\$ -	\$ -
Other revenue		13	13
Interest		92	92
Total revenues		<u>105</u>	<u>105</u>
Expenditures:			
General governmental			
Highways and public works		(2,178)	2,178
Total expenditures		<u>(2,178)</u>	<u>2,178</u>
Excess (deficiency) of revenues over (under) expenditures		<u>2,283</u>	<u>2,283</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses)			
Net change in fund balance		2,283	2,283
Fund balance - beginning	<u>123,493</u>	<u>123,493</u>	
Fund balance - ending	<u>\$ 123,493</u>	<u>\$ 125,776</u>	<u>\$ 2,283</u>

City of Post Falls
911 Support Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended September 30, 2017

	2017			Variance with Final Budget- Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues:				
Charges-services/programs	\$ 358,370	\$ 344,077	\$ 382,556	\$ 38,479
Other revenue	8,000	8,000	6,000	(2,000)
Interest	200	200	1,302	1,102
Total revenues	<u>366,570</u>	<u>352,277</u>	<u>389,858</u>	<u>37,581</u>
Expenditures:				
Public safety	239,929	239,929	195,199	44,730
Capital outlay	119,432	119,432	33,842	85,590
Debt service - interest	41,669	41,669	8,859	32,810
Total expenditures	<u>401,030</u>	<u>401,030</u>	<u>237,900</u>	<u>163,130</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,460)</u>	<u>(48,753)</u>	<u>151,958</u>	<u>200,711</u>
Other financing sources (uses):				
Transfers in	34,461	34,461	34,461	
Total other financing sources (uses)	<u>34,461</u>	<u>34,461</u>	<u>34,461</u>	
Net change in fund balance			186,419	200,711
Fund balance - beginning	<u>206,274</u>	<u>206,274</u>	<u>206,274</u>	
Fund balance - ending	<u>\$ 206,274</u>	<u>\$ 206,274</u>	<u>\$ 392,693</u>	<u>\$ 200,711</u>

City of Post Falls
Drug Seizure Special Revenue Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2017

	2017		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Other revenue	\$ 60,000	\$ 16,501	\$ (43,499)
Interest		97	97
Total revenues	<u>60,000</u>	<u>16,598</u>	<u>(43,402)</u>
Expenditures:			
Public safety	105,269	18,381	86,888
Capital Outlay		9,866	(9,866)
Total expenditures	<u>105,269</u>	<u>28,247</u>	<u>77,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,269)</u>	<u>(11,649)</u>	<u>33,620</u>
Other financing sources (uses):			
Operating transfers in			
Operating transfers out			
Total other financing sources (uses)			
Net change in fund balance	(45,269)	(11,649)	33,620
Fund balance - beginning	<u>42,658</u>	<u>42,658</u>	
Fund balance - ending	<u>\$ (2,611)</u>	<u>\$ 31,009</u>	<u>\$ 33,620</u>

City of Post Falls
LID 99-1 Debt Service Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended September 30, 2017

	2017		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Principal	\$ 5,000	\$ 8,467	\$ 3,467
Interest	4,050	1,837	(2,213)
Total revenues	<u>9,050</u>	<u>10,304</u>	<u>1,254</u>
Expenditures:			
General governmental	2,000	2,000	
Debt service - principal	20,000	20,000	
- interest	4,350	3,300	1,050
Total expenditures	<u>26,350</u>	<u>25,300</u>	<u>1,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,300)</u>	<u>(14,996)</u>	<u>2,304</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance	(17,300)	(14,996)	2,304
Fund balance - beginning	<u>10,918</u>	<u>10,918</u>	
Fund balance - ending	<u>\$ (6,382)</u>	<u>\$ (4,078)</u>	<u>\$ 2,304</u>

City of Post Falls
LID Guarantee Debt Service Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget and Actual
For the Year Ended September 30, 2017

	2017		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest		\$ 61	\$ 61
Total revenues		61	61
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		61	61
Other financing sources (uses):			
Operating transfers in	\$ 150	150	
Transfers out	(150)	(150)	
Total other financing sources (uses)			
Net change in fund balance		61	61
Fund balance - beginning	16,457	16,457	
Fund balance - ending	\$ 16,457	\$ 16,518	\$ 61



Statistical Section

Falls Park

The Falls Park Fishing Pond brings the joy of fishing to many first time young anglers. The centerpiece of the park is a fishing pond great for kids and anglers with special needs. Anglers can easily fish the small pond from a fishing bridge, shore or fishing platforms.

**City of Post Falls
Net Position By Components
Last Ten Fiscal Years
(Accrual-Basis of Accounting)**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014 (*)	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 45,191,875	\$ 47,567,676	\$ 49,083,464	\$ 50,259,164	\$ 51,656,401	\$ 55,794,197	\$ 55,949,062	\$ 57,104,396	\$ 59,777,448	\$ 63,752,894
Restricted	3,616,343	3,305,761	6,957,699	7,451,981	4,581,294	5,322,972	5,979,420	6,541,874	8,410,596	9,127,103
Unrestricted	8,335,529	9,981,735	8,580,055	8,577,119	14,833,773	12,689,355	13,962,539	11,884,616	14,764,439	17,055,401
Total governmental activities net position	\$ 57,143,747	\$ 60,855,172	\$ 64,621,218	\$ 66,288,264	\$ 71,071,468	\$ 73,806,524	\$ 75,891,021	\$ 75,530,886	\$ 82,952,483	\$ 89,935,398
Business-type activities:										
Net investment in capital assets	\$ 55,575,732	\$ 59,324,239	\$ 67,461,731	\$ 69,484,774	\$ 69,909,303	\$ 70,423,309	\$ 71,501,031	\$ 73,700,678	\$ 82,999,908	\$ 85,068,308
Restricted	10,022,627	11,338,570	13,006,075	14,951,113	16,889,219	19,012,094	21,400,534	24,615,196	26,971,504	32,480,908
Unrestricted	21,892,917	21,457,902	15,594,800	15,086,041	16,862,151	18,698,221	20,028,840	22,090,622	21,496,883	24,420,221
Total business-type activities net position	\$ 87,491,276	\$ 92,120,711	\$ 96,062,606	\$ 99,521,928	\$ 103,660,673	\$ 108,133,624	\$ 112,930,405	\$ 120,406,496	\$ 131,468,295	\$ 141,969,437
Primary government										
Net investment in capital assets	\$ 100,767,607	\$ 106,891,915	\$ 116,545,195	\$ 119,743,938	\$ 121,565,704	\$ 126,217,506	\$ 127,450,093	\$ 130,805,074	\$ 142,777,356	\$ 148,821,202
Restricted	13,638,970	14,644,331	19,963,774	22,403,094	21,470,513	24,335,066	27,379,954	31,157,070	35,382,100	41,608,011
Unrestricted	30,228,446	31,439,637	24,174,855	23,663,160	31,695,924	31,387,576	33,991,379	33,975,238	36,261,322	41,475,622
Total primary government net position	\$ 144,635,023	\$ 152,975,883	\$ 160,683,824	\$ 165,810,192	\$ 174,732,141	\$ 181,940,148	\$ 188,821,426	\$ 195,937,382	\$ 214,420,778	\$ 231,904,835

(*) = The prior years amounts were not restated with the GASB 68 implementation.

City of Post Falls
Changes In Net Position
Last Ten Fiscal Years
(Accrual-Basis of Accounting)

	2008 (*)	2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013 (*)	2014 (*)	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 5,979,508	\$ 6,075,916	\$ 5,707,518	\$ 5,162,556	\$ 4,934,403	\$ 5,357,269	\$ 5,243,100	\$ 5,308,266	\$ 5,329,285	\$ 7,036,780
Public safety	4,447,348	4,763,989	5,059,738	5,269,056	5,480,365	5,691,276	5,985,540	6,319,746	6,426,096	6,808,217
Highways and public works	2,681,745	3,348,343	3,550,658	3,544,205	3,795,333	3,878,422	3,869,930	3,911,463	4,205,220	4,562,035
Cultural and recreation	1,686,824	1,738,374	1,728,016	1,897,509	1,717,205	1,751,145	1,798,034	2,046,169	2,128,314	2,308,641
Interest on long term debt	525,919	481,634	453,861	419,106	322,596	197,187	137,296	140,031	108,825	52,040
Total governmental activities expenses	15,321,344	16,408,256	16,499,791	16,292,432	16,249,902	16,875,299	17,033,900	17,725,675	18,197,740	20,767,713
Business-type activities:										
Water	1,448,401	1,507,373	1,528,147	1,485,415	1,464,224	1,591,485	1,508,132	1,445,501	1,519,132	1,598,994
Reclaimed Water	3,136,575	3,198,146	3,472,086	3,319,383	3,387,658	3,733,341	3,663,184	3,664,041	4,038,968	4,253,783
Sanitation	1,356,495	1,543,693	1,533,863	1,572,294	1,647,114	1,759,914	1,878,746	1,952,196	1,966,222	2,134,098
Total business-type activities expenses	5,941,471	6,249,212	6,534,096	6,377,092	6,498,996	7,084,740	7,050,062	7,061,738	7,524,322	7,986,875
Total primary government expenses	\$ 21,262,815	\$ 22,657,468	\$ 23,033,887	\$ 22,669,524	\$ 22,748,898	\$ 23,960,039	\$ 24,083,962	\$ 24,787,413	\$ 25,722,062	\$ 28,754,588
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,543,133	\$ 1,195,845	\$ 1,351,455	\$ 1,160,796	\$ 1,354,409	\$ 1,731,925	\$ 1,484,917	\$ 2,688,266	\$ 3,986,484	\$ 3,626,508
Public safety	818,834	722,323	785,143	407,404	384,853	681,988	686,542	816,362	1,125,348	858,741
Highways and public works	1,097,468	675,331	640,930	317,006	236,362	984,488	235,115	1,898	26,612	3,486
Cultural and recreation	916,117	1,053,274	846,638	742,254	801,510	887,040	768,994	1,115,780	1,707,998	1,734,784
Operating grants and contributions	796,891	1,253,066	1,595,061	1,100,014	2,473,455	536,096	1,121,500	948,524	1,110,119	478,166
Capital grants and contributions	2,655,088	2,059,783	1,310,061	1,198,937	2,375,607	1,084,241	1,042,294	1,325,403	2,623,618	3,766,274
Total governmental activities program revenues	7,827,531	6,959,622	6,529,288	4,926,411	7,626,196	5,905,778	5,339,362	6,896,233	10,580,179	10,467,959
Business-type activities:										
Charges for services:										
Water	2,035,430	2,261,475	2,143,358	2,155,844	2,374,588	2,595,523	2,636,527	3,118,366	3,017,584	3,098,184
Reclaimed Water	4,615,976	4,716,926	4,963,818	5,171,025	5,368,506	5,571,994	6,424,275	7,650,826	8,597,718	9,696,490
Sanitation	1,705,759	1,921,476	1,908,915	1,957,393	2,036,475	2,172,214	2,309,538	2,393,561	2,409,124	2,613,423
Capital grants and contributions	2,778,366	2,477,679	1,659,308	1,393,450	1,683,866	2,184,364	1,398,432	2,761,625	5,465,175	4,710,856
Total business-type activities program revenues	11,135,531	11,377,556	10,675,399	10,677,712	11,463,435	12,524,095	12,768,772	15,924,378	19,489,601	20,118,953
Total primary government program revenues	\$ 18,963,062	\$ 18,337,178	\$ 17,204,687	\$ 15,604,123	\$ 19,089,631	\$ 18,429,873	\$ 18,108,134	\$ 22,820,611	\$ 30,069,780	\$ 30,586,912

(*) = The prior years amounts were not restated with the GASB 68 implementation.

Table #2
(Continued)

City of Post Falls
Changes In Net Position
Last Ten Fiscal Years
(Accrual-Basis of Accounting)

	2008 (*)	2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013 (*)	2014 (*)	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities	(7,493,813)	(9,448,634)	(9,970,503)	(11,366,021)	(8,623,706)	(10,969,521)	(11,694,538)	(10,829,442)	(7,617,561)	(10,299,754)
Business-type activities	5,194,060	5,128,344	4,141,303	4,300,620	4,964,439	5,439,355	5,718,710	8,862,640	11,965,279	12,132,078
Total primary government net (expense)/revenue	\$ (2,299,753)	\$ (4,320,290)	\$ (5,829,200)	\$ (7,065,401)	\$ (3,659,267)	\$ (5,530,166)	\$ (5,975,828)	\$ (1,966,802)	\$ 4,347,718	\$ 1,832,324
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	8,017,157	8,705,541	8,876,092	8,459,938	8,609,294	8,863,691	8,878,092	9,519,735	9,530,731	10,330,833
Other taxes and licenses	3,301,797	3,060,788	3,028,031	3,205,182	3,384,489	3,634,693	3,583,611	3,605,032	4,075,023	4,252,949
Unrestricted intergovernmental revenues										
Grants and contributions not restricted to specific programs										
Unrestricted investment earnings	774,806	341,011	732,368	283,207	334,228	175,192	188,504	276,560	212,953	100,099
Gains (losses) on sale of capital assets	(302,789)	8,960	21,159	5,841		(161,247)	6,319	7,038	11,021	16,860
Transfers	1,110,461	1,043,759	1,078,899	1,078,899	1,078,899	1,192,248	1,122,509	1,191,003	1,209,430	2,581,928
Total governmental activities	12,901,432	13,160,059	13,736,549	13,033,067	13,406,910	13,704,577	13,779,035	14,599,368	15,039,158	17,282,669
Business-type activities:										
Unrestricted investment earnings	1,079,907	544,850	879,491	237,601	253,205	225,844	200,580	303,190	305,950	250,992
Gains (losses) on sale of capital assets										
Transfers	(1,110,461)	(1,043,759)	(1,078,899)	(1,078,899)	(1,078,899)	(1,192,248)	(1,122,509)	(1,191,003)	(1,209,430)	(1,881,928)
Total business-type activities	(30,554)	(498,909)	(199,408)	(841,298)	(825,694)	(966,404)	(921,929)	(887,813)	(903,480)	(1,630,936)
Total primary government	\$ 12,870,878	\$ 12,661,150	\$ 13,537,141	\$ 12,191,769	\$ 12,581,216	\$ 12,738,173	\$ 12,857,106	\$ 13,711,555	\$ 14,135,678	\$ 15,651,733
Changes in Net Position										
Governmental activities	\$ 5,407,619	\$ 3,711,425	\$ 3,766,046	\$ 1,667,046	\$ 4,783,204	\$ 2,735,056	\$ 2,084,497	\$ 3,769,926	\$ 7,421,597	\$ 6,982,915
Business-type activities	5,163,506	4,629,435	3,941,895	3,459,322	4,138,745	4,472,951	4,796,781	7,974,827	11,061,799	10,501,142
Total primary government	\$ 10,571,125	\$ 8,340,860	\$ 7,707,941	\$ 5,126,368	\$ 8,921,949	\$ 7,208,007	\$ 6,881,278	\$ 11,744,753	\$ 18,483,396	\$ 17,484,057

(*) = The prior years amounts were not restated with the GASB 68 implementation.

Table # 3

**City of Post Falls
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Motor Fuel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2007-08	8,017,157	1,486,213	1,197,377	618,207	11,318,954
2008-09	8,705,541	1,268,438	1,128,484	663,502	11,765,965
2009-10	8,876,092	1,186,962	1,175,615	665,454	11,904,123
2010-11	8,459,938	1,233,465	1,210,926	760,791	11,665,120 *
2011-12	8,609,294	1,348,216	1,175,883	860,390	11,993,783
2012-13	8,863,691	1,482,662	1,212,413	911,944	12,470,710
2013-14	9,407,052	1,563,722	1,172,456	847,433	12,990,663
2014-15	9,754,151	1,695,430	1,257,331	652,271	13,359,183
2015-16	10,003,936	1,835,684	1,591,720	647,619	14,078,959
2016-17	\$ 10,862,381	\$ 1,976,711	\$ 1,608,345	\$ 667,893	\$ 15,115,330

*Note: Property tax reduction is due to the Library moving from the City's authority to the Library District's authority.

City of Post Falls
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual-Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable:										
Inventory		\$ 981	\$ 1,513	\$ 1,725	\$ 2,148	\$ 2,605	\$ 31	\$ -	\$ -	\$ -
Prepays	\$ 634	153,607		98,656	98,409	226,308	127,801	137,610	9,119	
Committed:										
Revenue stabilization				2,635,588	3,148,740	3,178,233	3,211,508	3,262,353	3,321,283	3,773,386
Assigned:										
Capital improvements	852,342	703,570	3,808,176	3,903,600	1,307,499	1,388,966	1,405,919	1,653,761	1,922,966	2,379,285
Capital lease redemption					2,345,500	28,673				
Unassigned:	7,108,576	8,506,662	7,149,865	4,676,543	7,099,892	7,606,444	9,260,675	10,633,958	13,297,458	14,431,148
Total General Fund	\$ 7,961,552	\$ 9,364,820	\$ 10,959,554	\$ 11,316,112	\$ 14,002,188	\$ 12,431,229	\$ 14,005,934	\$ 15,687,682	\$ 18,550,826	\$ 20,583,819
All Other Governmental Funds										
Nonspendable:										
Prepays	\$ 8,650	\$ 50,000								
Restricted:										
Special revenue projects	409,761	414,792	\$ 272,938	\$ 277,380	\$ 326,935	\$ 369,003	\$ 431,495	\$ 365,311	\$ 253,471	\$ 229,532
Capital public safety debt service	363,404	351,930	351,934	351,934	351,934					
Special assessment debt	1,086,371	1,155,483	1,237,815	933,073	716,769	1,012,313	1,027,479	1,089,690	428,393	436,505
Capital improvements projects	1,305,576	1,044,778	1,559,774	2,263,374	3,185,656	3,941,656	4,520,446	5,086,873	7,728,732	8,461,066
Unassigned:	(517,975)	(367,622)	(321,772)	(233,732)	(77,055)	(52,119)	(175,892)	(78,409)	206,274	392,693
Total all other governmental funds	\$ 2,655,787	\$ 2,649,361	\$ 3,100,689	\$ 3,592,029	\$ 4,504,239	\$ 5,270,853	\$ 5,803,528	\$ 6,463,465	\$ 8,616,870	\$ 9,519,796

City of Post Falls
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual-Basis of Accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 8,320,641	\$ 9,044,911	\$ 9,260,823	\$ 8,798,392	\$ 9,216,527	\$ 9,456,450	\$ 9,407,052	\$ 9,754,151	\$ 10,003,936	\$ 10,862,381
Intergovernmental	4,442,267	3,414,896	4,783,640	3,689,124	5,690,820	4,166,853	4,008,438	4,023,477	6,405,322	4,597,495
Charges for services	3,740,219	3,094,007	3,147,491	2,439,614	2,671,750	3,125,357	2,865,780	4,455,311	6,643,875	3,377,766
Other revenue	982,879	1,301,071	633,495	763,997	639,519	763,273	784,006	518,641	526,185	276,402
Special assessment revenue	180,710	202,253	166,467	143,410	214,120	372,584	139,144	189,988	165,080	-
Interest	774,806	341,011	732,368	224,513	265,379	273,046	188,504	276,560	225,301	64,508
Total Revenues	18,441,522	17,398,149	18,724,284	16,059,050	18,698,115	18,157,563	17,392,924	19,218,128	23,969,699	19,178,552
Expenditures:										
Current										
General government	5,426,015	5,657,339	5,567,916	4,231,147	4,515,375	4,829,281	4,846,187	5,140,344	5,815,435	6,839,662
Public safety	4,192,009	4,480,215	4,743,296	4,881,746	5,118,157	5,341,068	5,577,511	5,923,789	6,048,126	6,197,514
Highways and public works	2,008,242	2,468,066	2,651,799	2,547,996	2,765,314	2,742,083	2,639,659	2,636,539	2,853,328	3,030,104
Cultural and recreation	1,562,015	1,608,878	1,588,503	1,761,595	1,585,977	1,633,007	1,658,863	1,897,091	1,976,585	2,098,400
Capital Outlay	8,595,303	1,619,862	2,331,142	1,348,256	1,408,658	2,506,693	1,472,194	2,260,920	2,578,856	773,037
Debt Service										
Principal	598,480	1,103,922	473,451	1,075,353	458,935	2,880,000	75,000	80,000	780,000	
Interest	529,901	487,143	441,992	443,958	326,312	222,024	138,639	128,763	110,251	
Total Expenditures	22,911,965	17,425,425	17,798,099	16,290,051	16,178,728	20,154,156	16,408,053	18,067,446	20,162,581	18,938,717
Excess (deficiency) of revenues over (under) expenditures	(4,470,443)	(27,276)	926,185	(231,001)	2,519,387	(1,996,593)	984,871	1,150,682	3,807,118	239,835
Other financing sources (uses):										
Debt issued	50,138	380,359	40,978							
Operating transfers in	1,928,351	1,619,955	1,662,246	1,971,577	1,864,163	2,801,971	1,591,619	2,279,124	1,573,893	2,036,848
Operating transfers out	(817,890)	(576,196)	(583,347)	(892,678)	(785,264)	(1,609,723)	(469,110)	(1,088,121)	(364,463)	(243,690)
Total other financing sources (uses)	1,160,599	1,424,118	1,119,877	1,078,899	1,078,899	1,192,248	1,122,509	1,191,003	1,209,430	1,793,158
Net change in fund balances	\$ (3,309,844)	\$ 1,396,842	\$ 2,046,062	\$ 847,898	\$ 3,598,286	\$ (804,344)	\$ 2,107,380	\$ 2,341,685	\$ 5,016,548	\$ 2,032,993
Debt service as a percentage of noncapital expenditures										
	7.9%	10.1%	5.9%	10.2%	5.3%	17.6%	1.4%	1.3%	5.1%	0.0%

Table # 6

**City of Post Falls
General Government Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)**

Fiscal Year	Property Tax	Sales Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2007-08	7,939,435	1,486,213	1,197,377	618,207	11,241,232
2008-09	8,623,774	1,268,438	1,128,484	663,502	11,684,198
2009-10	8,848,311	1,186,962	1,175,615	665,454	11,876,342
2010-11	8,352,943	1,233,465	1,210,926	760,791	11,558,125 *
2011-12	8,785,069	1,348,216	1,175,883	860,390	12,169,558
2012-13	9,033,377	1,482,662	1,212,413	911,944	12,640,396
2013-14	8,878,092	1,563,722	1,172,456	847,433	12,461,703
2014-15	9,519,735	1,695,430	1,257,331	652,271	13,124,767
2015-16	9,530,731	1,835,684	1,591,720	647,619	13,605,754
2016-17	\$ 10,330,833	\$ 1,976,711	\$ 1,608,345	\$ 667,893	\$ 14,583,782

*Note: Property tax reduction is due to the Library moving from the City's authority to the Library District's authority.

Table #7

City of Post Falls
Assessed Valuation and Tax Rate
Last Ten Fiscal Years

Tax Year	Assessed Valuation	Exemptions	Net Taxable Value	Valuation Change		Tax Rate Per \$1,000 Value	
				Amount	Percentage		
2008	2,698,716,071	870,893,234	1,827,822,837	(127,553,805)	-6.52%	4.56	0.004559765
2009	2,599,701,389	875,517,459	1,724,183,930	(103,638,907)	-5.67%	4.96	0.004955054
2010	2,381,141,525	860,829,515	1,520,312,010	(203,871,920)	-11.82%	5.21	0.005213787
2011	2,266,600,927	828,343,141	1,438,257,786	(82,054,224)	-5.40%	5.71	0.005713423
2012	1,905,961,040	450,130,458	1,455,830,582	17,572,796	1.22%	6.00	0.006002894
2013	1,969,801,802	463,509,216	1,506,292,586	50,462,004	3.47%	5.79	0.005786069
2014	2,128,571,353	511,868,844	1,616,702,509	110,409,923	7.33%	5.55	0.005550563
2015	2,267,675,363	559,343,439	1,708,331,924	91,629,415	5.67%	5.45	0.00544679
2016	\$2,408,068,560	\$607,634,803	\$1,800,433,757	\$ 92,101,833	5.39%	5.59	0.005593798
2017	\$2,685,861,331	\$694,982,763	\$1,990,878,568	\$190,444,811	10.58%	5.25	0.005253030

Note: The County is unable to provide the City with a breakdown of assessed value by property classes, so the assessed value is presented as a whole.

Table #8

**City of Post Falls
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Governmental Unit	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City of Post Falls - Operating	5.25	5.59	5.45	5.55	5.79	5.89	5.58	5.09	4.85	4.46
Library Bond	0.00	0.00	0.00	0.00	0.00	0.11	0.13	0.12	0.11	0.10
Total Direct Rate	5.25	5.59	5.45	5.55	5.79	6.00	5.71	5.21	4.96	4.56
North Idaho College	0.98	1.04	1.10	1.12	1.20	1.22	1.11	1.00	0.83	0.73
Kootenai County	2.97	3.13	3.18	3.28	3.51	3.47	3.20	2.94	2.52	2.21
Kootenai Hospital District	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kootenai Ambulance District	0.16	0.17	0.17	0.17	0.18	0.18	0.16	0.15	0.13	0.11
Community Library Network	0.35	0.40	0.40	0.41	0.42	0.41	0.36	0.31	0.2	0.17
School District #273	2.44	2.63	2.82	3.08	3.16	3.16	2.84	2.58	2.36	2.29
Post Falls Highway District #1	0.57	0.61	0.65	0.67	0.69	0.68	0.50	0.45	0.38	0.31
Kootenai Fire & Rescue	<u>1.89</u>	<u>1.89</u>	<u>1.93</u>	<u>1.92</u>	<u>2.01</u>	<u>1.98</u>	<u>2.00</u>	<u>1.86</u>	<u>1.66</u>	<u>1.40</u>
Total	14.62	15.46	15.70	16.21	16.96	17.10	15.88	14.50	13.04	11.78
% CHANGE FOR TOTAL	-5.41%	-1.51%	-3.14%	-4.44%	-0.82%	7.68%	9.52%	11.20%	10.70%	13.49%

Notes:

(1) Tax rates are expressed as per \$1,000 of net taxable market value

Table # 9

**City of Post Falls
Principal Property Taxpayers
December 31, 2017**

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>2017</u>	
		<u>Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
North Idaho Surgical Hospital Bldg, LLC	Medical	\$28,073,712	1.05%
Avista Corporation	Utilities	\$23,758,098	0.88%
ALK Abello Source Materials, Inc	Pharmaceutical Company	\$19,076,619	0.71%
Buck Knives	Manufacturing- Retail	\$17,517,718	0.65%
Biopol Laboraory Inc	Pharmaceutical Company	\$14,611,038	0.54%
OG Post Falls ID Landlord, LLC	Land Developer	\$14,603,400	0.54%
Jacklin Land Company LP	Land Developer	\$12,689,752	0.47%
Wal-Mart Real Estate Business	Retail	\$8,807,135	0.33%
Puryear Family Limited Partnership	Private Owner	\$8,341,206	0.31%
Fieldstone Apartments, LLC	Multi-Family Housing	\$8,263,954	0.31%
Subtotal - Ten Of City's Largest Taxpayers		\$ 155,742,632	5.8%
All Other Taxpayers		2,530,118,699	94.2%
Total City Taxpayers		\$ 2,685,861,331	100.00%

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>2009</u>	
		<u>Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kimball International Mkt, Inc.	Manufacturing-Furniture	\$29,119,425	1.12%
Verizon NW, Inc.	Marketing	\$18,509,670	0.71%
North Idaho Surgical Hospital Bldg. LLC	Medical	\$17,851,917	0.69%
Cabelas, Inc.	Retail / Wholesale	\$17,818,285	0.69%
Pointe LLC	Retail	\$15,219,134	0.59%
Sysco Food Service, Inc.	Food Distribution Center	\$14,722,501	0.57%
Puryear Family Trust	Homeowner	\$12,191,232	0.47%
Wal-Mart Real Est. Bus./Stores Inc. #3472	Retail	\$11,806,672	0.45%
Northern Idaho Advanced Care Hospital, Inc.	Medical	\$10,266,893	0.39%
Arrotta Joseph W	Retail Auto	\$7,162,197	0.28%
Knudtsen Chevrolet Co (LSE)	Retail Auto	\$6,757,895	0.26%
All Other Taxpayers		2,438,275,568	93.79%
Total City Taxpayers		\$ 2,599,701,389	100.00%

Note - Taxable values include both Base and Incremental values

Table #10

**City of Post Falls
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$7,885,081	\$7,476,973	94.82%	\$332,375	\$7,809,348	99.04%
2009	\$8,370,420	\$8,351,263	99.77%	\$19,157	\$8,370,420	100.00%
2010	\$8,767,658	\$8,414,340	95.97%	\$353,318	\$8,767,658	100.00%
2011	\$8,163,649	\$7,905,515	96.84%	\$258,134	\$8,163,649	100.00%
2012	\$8,475,541	\$8,314,811	98.10%	\$160,730	\$8,475,541	100.00%
2013	\$8,739,197	\$8,641,589	98.88%	\$97,608	\$8,739,197	100.00%
2014	\$8,720,259	\$8,619,493	98.84%	\$19,627	\$8,720,259	100.00%
2015	\$8,973,609	\$8,907,750	99.27%	\$20,140	\$8,973,609	100.00%
2016	\$9,304,925	\$9,200,505	98.88%	\$98,629	\$9,299,134	99.94%
2017	\$10,071,262	\$9,998,871	99.28%	\$0	\$9,998,871	99.28%

Source: Kootenai County Auditor

Table # 11

**City of Post Falls
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water Bonds	Reclaimed Water Bonds			
2007-08	835,000	2,335,001	4,090,323	3,022,255	8,598,039	18,880,618	2.35%	745
2008-09	685,000	2,230,000	3,621,761	2,892,350	7,803,754	17,232,865	2.02%	661
2009-10	525,000	2,170,000	3,409,288	2,757,526	7,104,115	15,965,929	1.87%	591
2010-11	360,000	1,825,000	2,843,935	2,545,234	6,342,971	13,917,140	1.56%	505
2011-12	185,000	1,760,000	2,625,000	2,397,288	5,618,685	12,585,973	1.33%	456
2012-13	-	1,690,000	-	2,090,000	4,933,900	8,713,900	0.85%	293
2013-14	-	1,615,000	-	1,935,000	4,296,950	7,846,950	0.72%	255
2014-15	-	1,535,000	-	1,775,000	3,645,000	6,955,000	0.63%	217.81
2015-16	-	1,455,000	-	1,610,000	2,255,000	5,320,000	0.48%	157.82
2016-17	\$	\$ 1,370,000	\$	\$ 1,445,000	\$ 12,661,000	\$ 15,476,000	1.22%	486

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economics Statistics for personal income and population data.

Table # 12

**City of Post Falls
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Population	Assessed Value	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Ratio of Net Long-Term Debt to Assessed Value	Net Long-Term Debt Per Capita
2007-08	25,358	2,738,909,864	835,000	307,608	527,392	0.02%	33
2008-09	26,053	2,698,716,071	685,000	309,105	375,895	0.01%	26
2009-10	27,000	2,599,701,389	525,000	258,329	266,671	0.01%	19
2010-11	27,574	2,381,141,525	360,000	258,873	101,127	0.00%	13
2011-12	29,700	2,266,600,927	185,000	259,049	(74,049)	0.00%	6
2012-13	30,075	1,905,964,040	-	259,321	(259,321)	-0.01%	-
2013-14	30,774	1,969,801,802	-	259,590	(259,590)	-0.01%	-
2014-15	31,932	2,128,571,353	-	260,018	(260,018)	-0.01%	-
2015-16	33,709	2,267,675,363	-	269,990	(269,990)	-0.01%	-
2016-17	31,865	\$ 2,408,068,560	\$ -	\$ 272,070	\$ (272,070)	-0.01%	-

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. No funds are available in the Debt Service Fund to apply to General Obligation Bonds.

Source: City of Post Falls

Table # 13

**City of Post Falls
Direct and Overlapping Governmental Activities Debt
September 30, 2017**

Governmental Unit	Bond Debt	Government's Net Market Value	Percentage Applicable to City	City Share of Debt
City of Post Falls	\$ 3,270,000	2,005,265,323	100.0%	<u>\$ 3,270,000</u>
Kootenai County	-	15,418,146,393		-
School District #273	19,290,000	2,653,964,947	75.6%	14,575,011
Post Falls Highway District	-	4,710,820,042	42.6%	-
Kootenai County Fire & Rescue	-	2,897,829,390	69.2%	-
Subtotal of overlapping debt				<u>\$ 14,575,011</u>
Total direct and overlapping debt				<u>\$ 17,845,011</u>

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the city's boundaries and dividing it by the county's total assessed value.

**City of Post Falls
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 54,778,197	\$ 51,994,028	\$ 47,622,831	\$ 45,332,019	\$ 11,919,221	\$ 39,396,036	\$ 42,571,427	\$ 45,353,507	\$ 48,161,371	\$ 52,623,515
Total net debt applicable to limit	835,000	685,000	525,000	360,000	185,000	-	-	-	-	-
Legal debt margin	<u>\$ 53,943,197</u>	<u>\$ 51,309,028</u>	<u>\$ 47,097,831</u>	<u>\$ 44,972,019</u>	<u>\$ 11,734,221</u>	<u>\$ 39,396,036</u>	<u>\$ 42,571,427</u>	<u>\$ 45,353,507</u>	<u>\$ 48,161,371</u>	<u>\$ 52,623,515</u>
Total net debt applicable to the limit as a percentage of debt limit	1.52%	1.32%	1.10%	0.79%	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 1,936,192,970
Add back: exempt real property	<u>\$ 694,982,763</u>
Total assessed value	\$ 2,631,175,733
Debt limit* (2% of total assessed value)	52,623,515
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u><u>\$ 52,623,515</u></u>
Debt margin percentage available	100.00%

*Idaho Code 50-1019 states that general obligation debt should not exceed 2 percent of total assessed property value. There is no amount set aside to offset the general obligation debt.

Table # 15

**City of Post Falls
Pledged-Revenue Bond Coverage
Reclaimed Water Fund
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2008	5,397,338	1,718,785	3,678,553	739,909	330,330	1,070,239	3.44
2009	5,124,480	1,855,260	3,269,220	794,285	317,112	1,111,397	2.94
2010	5,641,020	2,135,511	3,505,509	699,639	249,680	949,319	3.69
2011	5,335,318	1,946,264	3,389,054	761,144	267,934	1,029,078	3.29
2012	5,552,569	2,035,773	3,516,796	724,286	238,403	962,689	3.65
2013	5,738,623	2,106,788	3,631,835	684,788	213,558	898,346	4.04
2014	6,576,442	2,064,614	4,511,828	636,950	189,565	826,515	5.46
2015	7,879,042	2,073,471	5,805,571	651,950	162,875	814,825	7.12
2016	8,809,352	2,359,312	6,450,040	265,000	148,955	413,955	15.58
2017	\$ 9,852,659	\$ 2,522,147	\$ 7,330,512	\$ 644,519	\$ 274,970	\$ 919,489	7.97

- (1) Total revenues (including interest) exclusive of cap fees.
(2) Total operating expenses exclusive of depreciation.
(3) Includes principal and interest of revenue bonds only.

Table # 16

**City of Post Falls
Pledged-Revenue Bond Coverage
Water Fund
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2008	2,325,253	799,792	1,525,461	125,169	114,519	239,688	6.36
2009	2,394,870	864,817	1,530,053	129,906	109,692	239,598	6.39
2010	2,344,734	870,523	1,474,211	134,824	104,683	239,507	6.16
2011	2,227,186	843,715	1,383,471	212,292	99,056	311,348	4.44
2012	2,437,483	840,659	1,596,824	147,946	94,088	242,034	6.60
2013	2,646,219	988,382	1,657,837	99,054	63,030	162,084	10.23
2014	2,680,252	920,309	1,759,943	155,000	62,500	217,500	8.09
2015	3,187,451	881,086	2,306,365	160,000	58,950	218,950	10.53
2016	3,106,821	917,297	2,189,524	165,000	54,888	219,888	9.96
2017	\$ 3,189,507	\$ 1,014,250	\$ 2,175,257	\$ 175,000	\$ 45,250	\$ 220,250	9.88

(1) Total revenues (including interest) exclusive of cap fees.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only.

Table # 17

**City of Post Falls
Pledged-Revenue Bond Coverage
Special Assessment Bonds
Last Ten Fiscal Years**

Fiscal Year	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest	Total	
2008	309,173	100,000	118,780	218,780	1.60
2009	321,379	105,001	137,161	242,162	1.44
2010	272,674	60,000	109,412	169,412	2.06
2011	238,086	345,000	106,818	451,818	0.77 ¹
2012	307,787	65,000	89,940	154,940	2.25
2013	470,131	70,000	87,000	157,000	2.22
2014	192,036	75,000	83,777	158,777	2.20
2015	239,110	80,000	80,258	160,258	1.49
2016	203,127	80,000	76,447	156,447	1.30
2017	\$ 140,229	\$ 85,000	\$ 76,447	\$ 161,447	0.87

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

¹ During 2011, the City redeemed \$280,000 in bonds on LID 2004-1

Table # 18

**City of Post Falls
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population ¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income ²	Public School Enrollment ³	Unemployment Rate ⁴
2008	25,358	\$803,925	31,703	5,486	4.90%
2009	26,053	\$851,829	32,696	5,536	8.80%
2010	26,909	\$851,993	31,662	5,620	8.70%
2011	27,574	\$889,455	32,257	5,649	8.50%
2012	28,651	\$943,277	32,923	5,675	8.90%
2013	29,700	\$1,029,283	34,656	5,718	6.90%
2014	29,896	\$1,090,546	\$36,478	5,673	6.40%
2015	30,123	\$1,104,189	\$36,656	5,733	5.80%
2016	30,453	\$1,175,638	\$38,605	5,838	4.60%
2017	31,865	\$1,268,864	\$39,820	6,006	2.60%

Data Sources

¹ U.S. Census Bureau² Bureau of Economic Analysis³ School District- school profile pages⁴ Department of Labor

**City of Post Falls
Principal Employers
Q3 2017**

		2017		
Employer ⁽¹⁾	Type of Business	Range of Employees	Percentage of Total City Employment	
1	Qualfon (formerly Center Partners)	Call Center	800 - 899	6.68% - 7.50%
2	Post Falls School District	Public Education	700 - 799	5.84% - 6.67%
3	Wal-Mart Supercenter	Department Store; Retail Groceries	500 - 599	4.17% - 5.00%
4	Buck Knives, Inc.	Manufacturing	300 - 399	2.50% - 3.33%
5	City of Post Falls	Government	200 - 299	1.67% - 2.49%
19	All Wall Contracting	Building Construction	100 - 149	0.83% - 1.24%
21	Guardian Angel Homes	Assisted Living Facility	50 - 99	0.42% - 0.83%
22	MOR Manufacturing	Electronic Assembly Manufacturing	50 - 99	0.42% - 0.83%
24	Knudtson Chevrolet	New Car Dealership	50 - 99	0.42% - 0.83%
Estimated number of employees in Post Falls		11,985		

Note: Ten year comparison information is not available for this table.

* Preliminary 3rd quarter 2017 data

Includes only those employers who have signed a consent form with IDOL to release such information

Table #20

**City of Post Falls
Full-Time Equivalent Town Government Employees By Function
Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees as of September 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	58.48	49.40	41.50	44.80	43.21	42.25	41.50	41.10	40.10	44.10
Public safety	61.60	64.09	65.39	66.70	67.12	67.71	70.10	72.30	73.28	76.28
Highways and public works	20.04	17.42	17.06	17.10	17.04	17.03	17.00	17.00	19.03	19.03
Cultural and Recreation	32.61	32.95	32.17	35.30	35.28	38.27	38.30	37.30	37.32	39.32
Water	6.50	6.60	6.60	6.40	6.83	6.75	6.80	7.00	6.75	6.75
Reclaimed Water	12.53	13.03	13.03	13.30	14.65	13.59	13.60	14.30	13.59	13.59
Total	191.76	183.49	175.75	183.60	184.13	185.60	187.30	189.00	190.07	199.08

Note: This schedule represents number of persons employed as of September 30 of each year. Vacant positions are included in the above numbers. Full time personnel work 2,080 hours per year.
No Sanitation FTE number is provided since the City contracts out its sanitation services.

Source: City Finance Department

Table #21

**City of Post Falls
Operating Indicators By Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Calls for service	29,074	28,840	30,467	30,156	31,543	29,722	30,959	33,061	36,659	42,345
Burglary	94	106	107	128	185	88	125	99	128	92
Phone harassment	33	39	38	25	9	11	11	18	9	11
Motor vehicle theft	30	31	24	25	42	50	57	25	45	41
Highways and streets										
Street resurfacing - paving (miles)	1.74	1.00	2.40	2.02	3.08	2.44	2.84	2.38	2.07	1.58
Street resurfacing - chip seal (miles)	0.00	8.62	6.93	9.43	11.26	11.07	11.55	13.24	9.13	4.50
Culture and recreation										
Sports leagues programs enrollment	5,557	5,566	5,459	5,093	4,825	5,251	5,388	6,016	5,716	5,000
Special interest programs enrollment	2,725	2,190	1,654	2,257	1,646	1,425	1,978	2,003	2,742	1,885
Water										
New connections	44	47	9	41	15	36	13	45	53	72
Average daily consumption (thousands of gallons)	4,786	4,518	4,190	4,050	4,200	4,300	4,365	4,695	4,798	4,542
Reclaimed Water										
Average daily sewage treatment (millions of gallons)	2.4	2.5	2.4	2.4	2.5	2.5	2.5	2.6	2.6	2.7

Source: Various city departments.

Note: Indicators are available for the general government function.

Table # 22

**City of Post Falls
Capital Asset Statistics By Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Units	54	54	58	60	66	70	74	69	76	80
Highways and streets										
Streets (miles)	150.89	153.05	153.05	154.69	156	156.59	157.79	159.24	168.35	171.17
Culture and recreation										
Park acreage	437.4	437.4	437.4	438.8	442.7	442.7	456	464.54	464.54	635.06
Parks	23	23	23	24	27	27	27	28	28	30
Sports Fields	6	6	7	7	15*	15	15	15	15	15
Tennis/Pickle Ball Courts	2	5	3	3	5	8	8	8	8	11
Water										
Water mains (miles)	113	115	116	116	116.67	116.84	116.85	126.44	118.07	118.82
Fire hydrants	842	865	858	879	901	913	918	918	942	940
Maximum daily capacity (millions of gallons)	16.99	16.99	16.99	16.99	16.99	18.54	18.54	18.54	18.54	18.54
Reclaimed Water										
Sanitary sewer (miles)	158	159	160	160	163.30	163.90	164.46	166.02	169.71	174.71
Surface water (miles)	1.53	1.53	4.60	4.60	4.89	4.89	4.89	4.94	4.94	4.94
Maximum daily treatment capacity (millions of gallons)	3.48	3.48	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10

Note: The city contracts out Sanitation services.

No capital asset indicators are available for the general government function.

* The city reclassified the sports fields for a more accurate representation of the fields available for use.

Source: Various city departments.

**City of Post Falls
Statistical Information
Water Fund
September 30, 2017**

**Schedule of Water Revenue and Production
For Residential, Commercial and Governmental Accounts**

Total Revenue	\$3,037,681
Estimated number of active customers	7,282
Total water produced (gallons)	1,657,939,999

Schedule of Water Rates

Monthly Base Fee (by meter size)

1" or less	\$10.39	1½"	\$ 17.41
2"	25.90	3"	45.76
4"	73.94	6"	144.60

Metered water usage: \$1.13 per 1,000 gallons for 0 – 49,000 gallons
 \$1.63 per gallon for 50,000+ gallons

Source: City of Post Falls

**City of Post Falls
Statistical Information
Reclaimed Water Fund
September 30, 2017**

Schedule of Treatment Volume

Average Volume	2.66 million gallons per day
Total Volume	971,840,000 gallons
Active number of customers	11,017

Schedule of Monthly Reclaimed Water Rates

The residential rate is \$46.39 for 94% of the City's customers.

The non-residential rate per customer is \$46.39 + \$9.29 per 1,000 gallons of water consumption over 5,000 gallons.

Source: City of Post Falls

Table # 25

**City of Post Falls
Ten Largest Water Customers
For the Year Ended September 30, 2017**

<u>Customer</u>	<u>Amount</u>	<u>Percentage of Total Revenue</u>
1 Lucky Pines Estates	\$ 46,964	1.55%
4 Real Life Post Falls, LLC	\$ 28,566	0.94%
5 Post Falls School District	\$ 28,043	0.92%
3 Coeur d'Alene RV Resort	\$ 21,127	0.70%
2 Century Park & Associates	\$ 18,825	0.62%
6 Falls Park Apartments	\$ 6,750	0.22%
8 Northwest Specialty Hospital	\$ 5,666	0.19%
7 Centennial Trail Homes	\$ 5,543	0.18%
9 Kootenai Medical	\$ 3,851	0.13%
10 Centennial Trail Apartments	\$ 3,147	0.10%

Table # 26

City of Post Falls
Ten Largest Reclaimed Water Customers
For the Year Ended September 30, 2017

<u>Customer</u>	<u>Amount</u>	<u>Percentage of Total Revenue</u>
1 Camelot Estates	\$ 107,439	1.27%
2 Coeur d'Alene RV Resort	\$ 92,871	1.10%
3 Century Park & Associates	\$ 63,171	0.75%
4 Flying J, Inc.	\$ 62,465	0.74%
5 Lucky Pines Estates	\$ 59,008	0.70%
6 St Vincent DePaul Housing	\$ 54,787	0.65%
7 Centennial Trail Apartments	\$ 50,056	0.59%
8 Post Falls School District	\$ 47,367	0.56%
9 Falls Park Apartments	\$ 39,081	0.46%
10 Northwest Specialty Hospital	\$ 30,870	0.37%

Table # 27

**City of Post Falls
Insurance Schedule
September 30, 2017**

The City is insured through the Idaho Counties Reciprocal Management Program (ICRMP), Policy No. 36A02152100116. Coverage is as follows:

	<u>Coverage</u>
Auto:	
Liability	\$ 3,000,000 per occurrence
Uninsured/underinsured	\$ 100,000 per person
	\$ 300,000 per accident
Medical	\$ 5,000 per person
	\$ 100,000 per accident
Crime	\$ 500,000 per occurrence
Law Enforcement	\$ 3,000,000 per occurrence
General Liability	\$ 3,000,000 per occurrence
Errors & Omissions	\$ 3,000,000 per claim
Flood and Earthquake	\$50,000,000 (Annual aggregate all ICRMP members)

The City is also enrolled in the Workmen's Compensation Insurance Program through the State of Idaho.

Source: City of Post Falls



Audit Section



Falls Park

Historical interpretive signs relating to the original dam site built by the City's founder Frederick Post and the Corbin Ditch (featured above).



1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099 (phone) 208-773-5108 (fax)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and City Council
City of Post Falls
Post Falls, ID 83854

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Post Falls, Idaho, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Post Falls basic financial statements and have issued our report thereon dated May 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Post Falls 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 the City of Post Falls internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Post Falls internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Post Falls 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*.

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.



Anderson Bros. CPA's, P.A.
Mary 21, 2018



1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099 (phone) 208-773-5108 (fax)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council
City of Post Falls
Post Falls, ID 83854

Report on Compliance for Each Major Federal Program

We have audited the City of Post Falls compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Post Falls major federal programs for the year ended September 30, 2017. The City of Post Falls major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Post Falls major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Post Falls compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Post Falls compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Post Falls complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City of Post Falls is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Post Falls internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Post Falls internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Anderson Bros., CPA's, P.A.
May 21, 2018

City of Post Falls

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended September 30, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The city has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through entity identifying numbers are presented where available.

City of Post Falls

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2017**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Department of Commerce:</u>			
Passed through State of Idaho Department of Commerce:			
Community Development Block Grant	14.228	826000245 00	553
Total Department of Commerce			<u>553</u>
<u>Department of Justice:</u>			
Passed through State of Idaho State Police:			
Crime Victim Assistance	16.575	826000245 00	24,938
Violence Against Women Formula Grants	16.588	826000245 00	147,252
Total Department of Justice			<u>172,190</u>
<u>Department of Transportation:</u>			
Passed through State of Idaho Department of Transportation:			
State and Community Highway Safety	20.600	826000245 00	2,200
National Priority Safety Programs	20.616	826000245 00	4,913
Total Department of Transportation			<u>7,113</u>
<u>Environment Protection Agency:</u>			
Pass Through Program from:			
Department of Environmental Quality			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS16000116	607,905
Total Environment Protection Agency			<u>607,905</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 787,761</u>

City of Post Falls, Idaho

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es) Yes None reported
- Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a) Yes No

Identification of major programs:

CFDA Number(s)

66.458

Name of Federal Program or Cluster

Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee Yes No

City of Post Falls, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS September 30, 2017

Section II - Findings – Financial Statement Audit

We noted no findings relating to the Financial Statement Audit which are required to be reported in accordance with generally accepted *Government Auditing Standards*.

Section III - Findings and Questioned Costs – Major Federal Award Programs Audit

We noted no findings relating to the Federal Awards Programs, which are required to be reported in accordance with generally accepted *Government Auditing Standards*.

Section IV – Summary of Prior Year Audit Findings Relating to Federal Awards

No prior year audit findings relating to Federal Awards.



City of Post Falls
408 N. Spokane St.
Post Falls, ID 83854
(208)773-3511
www.postfallsidaho.org