



# Comprehensive Annual Financial Report

CITY OF  
**POSTFALLS, IDAHO**

For the Year Ended September 30, 2018





# CITY OF POST FALLS, IDAHO

## 2018 Comprehensive Annual Financial Report For the Year Ended September 30, 2018

Compiled by:  
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Director of Finance and Support Services



*Above: Spring flowers carpet the hillsides in Falls Park. Just walking distance from City Hall, this park also features viewpoints of the Avista dam.*

*Cover Photo: Visitors are greeted by an artistic larger than life trout and flowers of the season when they enter Post Falls.*

**City of Post Falls, Idaho**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2018**

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Hiking trails in Falls Park, Q'emiln Park and the Community Forest come alive with color in the Spring.

# 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.*



April 25, 2019

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, 2018, 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, 2017. This was the twentieth consecutive year that the government has achieved this prestigious award. 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 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 approximately 37,000 by the end of 2018. The continued 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%. In 2018, new dwelling units increased 828 units which equated to a growth rate of approximately 5.80%. Of the 828 units, 540 of them were single family residential homes. A surprise in 2018 was the foreseen multi-family slowed to a lower than expected rate of permit issuance. 2019 may be the year where this will change, as there are approximately 500 multi-family permits waiting to be issued in some form or another. 120 of these are scheduled to be senior apartments with a lower persons per household. Due to the number of inquiries and developments of multi-family near commercial corridors within Post Falls, it is a matter of time when additional commercial properties will begin being developed. It is very common for commercial corridors to be supported by high density residential housing nearby. 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 near a commercial corridor and may be why this area has realized more commercial development than other areas with 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 additional land that has been sitting vacant for some time be commercially developed in 2019 and 2020. This started to be realized in 2018 with the development of Panda Express opening at the Pointe of Post Falls. In addition, Maverik has pulled a permit to construct a new operation near the Beck Interchange. If continued residential growth occurs as it appears early in 2019, Post Falls may grow to over 39,000 by the end of the year, preliminarily adding an additional 2,300 residents.

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 retails, health care, and manufacturing businesses locating in the City.

Historically, 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, and 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.

The following cites the major business development that has occurred from year to 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 of 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 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 to open within the City Center Planning. Commercial infill development occurred along Mullan Avenue west of HWY 41 and along HWY 41. Goodwill Industries is completing 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, a significant number of rooftops once again were added to the City of Post Falls. 2018 had the same momentum that 2016 and 2017 had. There were 540 single family housing unit (HU) permits issued and an additional 288 multi-family housing HU created. Examples of multifamily projects that commenced in 2017 and were completed in 2018 are Phases of Fieldstone Apartments, River's Edge Condos, and Tullamore Place Apartments. The following are highlights of projects that commenced in 2018: Kootenai County Department of Motor Vehicles continued their operations within the Post Falls City Center by adding a Parking Lot to assist their facility. ALK added an additional building to their facility, Jitterz opened a new espresso stand along Pleasantview Rd., Post Falls Self Storage expanded on Seltice Way, Real Life Ministries expanded their facility to add an outdoor turf sports field and clubhouse, UPS utilized the Greyhound Park for temporary operations, Fox Trailers relocated from Stateline to Pleasantview Rd, California Closets opened near the Walmart near Pointe Parkway, Prairie Rock Storage opened on west Seltice Way, Wired2Learn opened along HWY 41, Panda Express opened near the Walmart on Pointe Parkway, Woodland Meadows began their 163 unit-multi-family unit complex near the City Center, and Crown Pointe Apartments have begun their 123 unit complex. Other notables are: GVH Distribution, KWI, NWR Office, and True North's 12 Plex near City Center. Some tenant improvements for 2018 were: Corporate Tools, Domino's Pizza, Beau Clothing Outlet, Serenity Solon, and Tim's Meats (relocated from CDA).

In 2019, continued residential and commercial/industrial development is expected to remain strong. There are several proposed multifamily projects that are speculated to commence in 2019. It will be exciting to see what all develops in 2019.

## **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 and 2018, 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 in 2017. The Comprehensive Plan's update is planned to be adopted late Spring of 2019. The PUD section of Title 18: Zoning Code was updated in 2017 to clarify and improve the procedural process, assist development, and more accurately depict developed areas. The City established a new Technology Mixed Zoning District

in 2018 that supported a major annexation for a new 300+ acre Industrial Park located on the NW Corner of HWY and Prairie. The newly planned Industrial Park may provide high tech jobs to benefit Post Falls future employment base. This City also adopted a new Wireless Code in 2018 and is in the process of adopting a Mobile Vending Ordinance in 2019. City staff is also looking into completing a Housekeeping Ordinance to assist and provide clarity for current developments utilizing Title 18: Zoning.

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 completed 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. Stemming from that master plan, the City has initiated a project to install two new wells over the next three years and has awarded a construction contract to improve several sections of pipeline.

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. The permit contains a ten-year compliance schedule. Currently, the necessary upgrades are in the design phase with a bid date anticipated in September 2019. A State Revolving Fund loan to fund the project was secured in late 2017. Other projects for the Water Reclamation Facility include the design of a replacement outfall, to be built in 2020, and several projects to improve the collections system.

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 2018**

#### Police

- Wireless upgrade pilot project. The police department conducted a wireless network pilot test during the summer. The pilot was conducted to test the new wireless networking gear to be used to update the city-wide wireless network. Once the network is installed the 11-year-old technology will be replaced with new state of the art wireless gear including adding connectivity to 17 traffic signals for the street department.
- Electronic records information request to both PA's offices. Typically, criminal information, reports, electronic evidence etc. was shared with the Prosecuting Attorney's office via DVD's and email correspondence. The police department instituted an electronic file sharing system with both agencies that allows for faster more secure dissemination of information to both Prosecutors. This will reduce workload on records staff and decrease the amount of time it takes to process information.
- Geodiverse E911 with Bonner county and potential other counties. The police department completed their E911 upgrade which allowed the system to be shared with other Emergency Dispatch Centers in the area. Post Falls PD partnered with the Bonner County Sheriff's Office. The upgraded system will allow other Dispatch Centers in the area to join and use the system thus driving down costs and operating expenses for all Agencies. All participating agencies maintain their own settings and administrative access. The upgrade also increased reliability of the system by increasing the fail over and fault tolerance of the 911 network.
- New Firewalls were purchased to replace the current 8-year-old devices. The firewalls are faster, more secure and bring the most current technology to the PD increasing electronic safety and security.
- New NAS storage Servers were purchased as well to replace the 8-year-old existing servers. These servers house all of the police departments digital evidence, car video and body worn video storage. The older servers were obsolete. The new servers are faster, more expandable, and offer better storage for these critical files.
- Three ECOs were hired to fill our vacant ECO positions. All three ECOs successfully completed the CTO training Program and they graduated from the POST Basic Dispatch Academy in Boise.
- Microsoft Office 365 was installed, and we will be using it to streamline records requests and internal processes.
- We received a grant to purchase Cell Phone Sally. Cell Phone Sally is the 911 mascot and will be used throughout our community for educational purposes.

## **Departmental Highlights of FY 2018 – Continued**

- Citation retention project completed. ECOs and Records staff purged citations for the past 20 years based on our retention schedule. This was very time consuming as each citation had to be checked in Spillman and scanned prior to it being destroyed.
- Implemented an electronic records request process with Post Falls and Kootenai County Prosecutors offices.
- We built and opened the new Animal Facility on the PD campus. This addition will assist the citizens of this community and the employees of the Police Department.
- We have hired another School Resource Officer this year. This brings our total number of sworn personnel to 48. The Post Falls School District is covering the entire cost of the new SRO for FY19. The city will need to pick up half of this cost in the coming years.
- The grant for our OASIS Crime Victim Advocates was finally exhausted, after 24 years. This caused the Police Department to shift its budget priorities for FY19. Due to the importance of this program, we felt the need to budget for the two Advocate positions in the coming years vs trying to pay for them on a grant. This has been a huge addition to our team and a welcoming sight from the two employees who no longer must worry about the grant running out and being out of a job.

## **Parks, Recreation, and Cemetery**

- Our online registration system continues to streamline the process for our customers including camp registrations in 2018. This change was considered a positive move for both users and staff.
- 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.
- The Cemetery expansion was completed this past year adding over 4,000 lots to our inventory.
- The Cemetery Division sold 46 lots, 18 niches, and handled 80 services this year.
- Two neighborhood parks were transferred to the city this past year with construction starting on them.
- The department brought back the Easter Egg Hunt and experienced a couple thousand participants.
- The City's summer camp program showed a growth in participants for a third year.
  - Winterfest's growth continued, with the City Hall Plaza being our main stage for music, crafts, food booths, games, burn barrels. Partnerships with local businesses has been a key part of this growth. We had approximately 1,000+ community members come and enjoy the festivities.
- The City's summer camp program showed a growth in participants for a second year.

## **Departmental Highlights of FY 2018 – Continued**

- 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 Works**

- The Water Reclamation Division met all the new reporting requirements included in the more stringent NPDES permit.
- The Water Reclamation Division has secured Urban Renewal Agency funding to build a new major lift station on 12<sup>th</sup> Avenue.
- The Water Reclamation Division has completed design and is under construction for a replacement lift station at Riverside Harbor.
- The Water Reclamation Division is now regulated by Idaho DEQ and has successfully transitioned to a new reporting structure.
- The Water Division continued to supply the system with high-quality water which meets state and federal requirements.
- The Water Division completed an update of its Water System Master Plan which was approved by DEQ.
- The Water Division worked with Idaho DEQ to facilitate the connection of an existing private water system with poor water quality to the City's system.

## **Community Development**

- 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.

## **Administration**

- The Administration Department promoted City projects and programs at the Post Falls Chamber of Commerce Business Fair.

## Departmental Highlights of FY 2018 – Continued

- The Media Division assisted with Economic Development promotions and events for community outreach programs including 11<sup>th</sup> annual E-recycling/Shred Day event.
- 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.

## 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, 2017. This was the twentieth consecutive year that the government has achieved this prestigious award. 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**

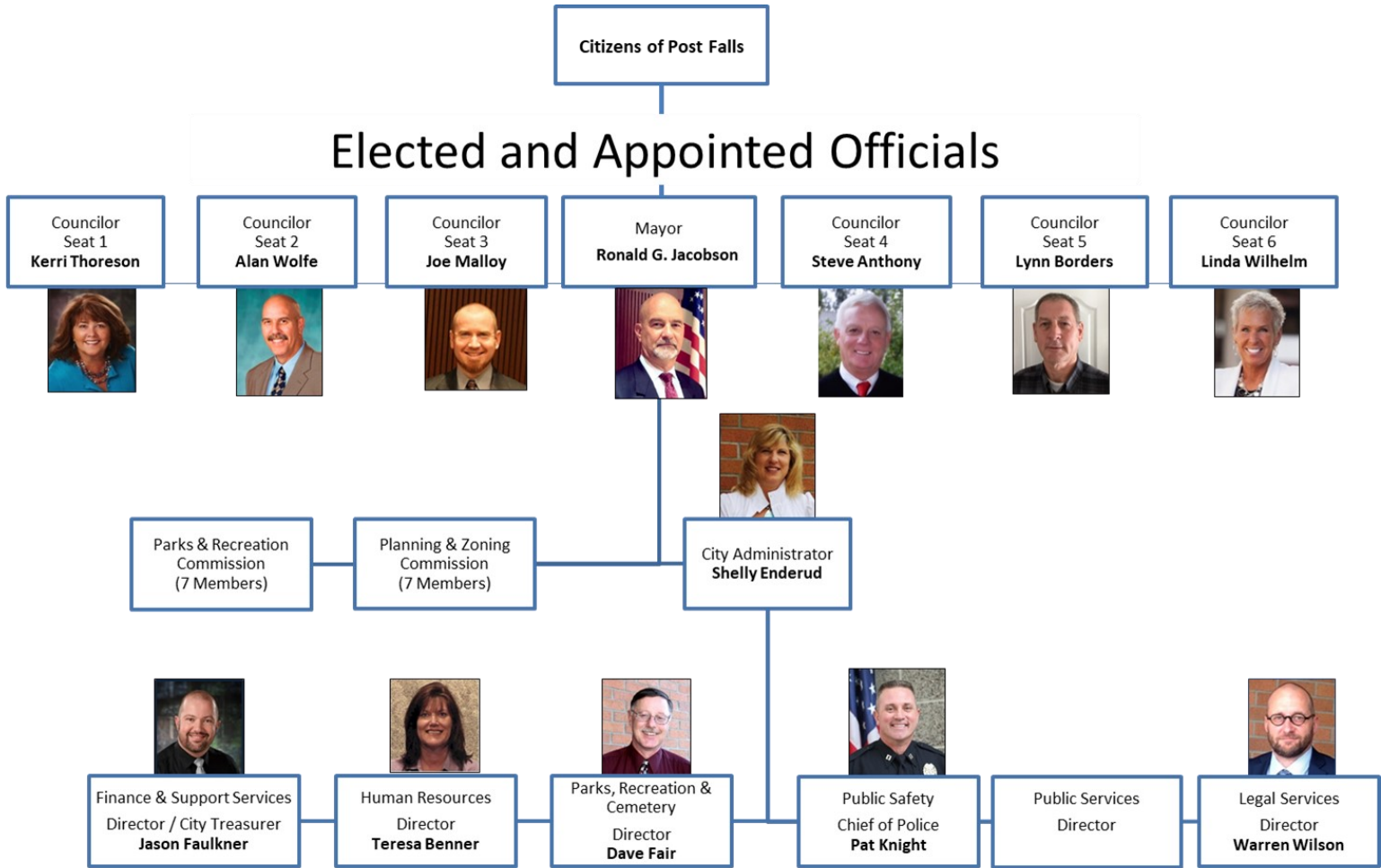
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# City of Post Falls Organizational Chart





# CITY OF POST FALLS, IDAHO

## Listing of City Officials As of September 30, 2018

### Elected Officials

#### MAYOR AND CITY COUNCIL



Councilor  
Kerri Thoreson

Councilor  
Alan Wolfe

Councilor  
Joe Malloy

Mayor  
Ronald G. Jacobson

Councilor  
Steve Anthony

Councilor  
Lynn Borders

Councilor  
Linda Wilhelm

#### ELECTED OFFICIALS

NAME	OFFICE	OCCUPATION	TERM EXPIRES
Ronald G. Jacobson	Mayor	Senior VP – bankcda	2021
Linda Wilhelm	Council President - Seat 6	Realtor – Coldwell Banker	2021
Kerri Thoreson	Councilor - Seat 1	Self Employed	2019
Alan Wolfe	Councilor - Seat 2		2021
Joe Malloy	Councilor - Seat 3	Project Coordinator - Outotec Energy Products	2019
Steve Anthony	Councilor - Seat 4	Retired	2021
Lynn Borders	Councilor - Seat 5	Retired	2019

#### APPOINTED OFFICIALS

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



# Financial Section



*Whether it is our largest park, the Community Forest with 500 acres or the small neighborhood parks, our City parks play an important part in our residents' daily lives.*



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, 2018, 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, 2018, 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 combining and individual nonmajor fund financial statements, the schedules of revenues, expenditures and changes in fund balance – budget and actual – legal appropriation level 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, and the schedules of revenues, expenditures and changes in fund balance – budget and actual – legal appropriation 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 April 25, 2019 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 solely 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 the effectiveness of the City of Post Falls' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Post Falls internal control over financial reporting and compliance.



Anderson Bros. CPA's, P.A.  
April 25, 2019

# 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, 2018. 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 \$251,652,086 (net position).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$16,454,105, or 82.0 percent of total general fund expenditures.
- The governments net position increased by \$19,747,251. Approximately \$2,757,714 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 \$1,669,108 (10.8 percent) and operating expenses increase by \$622,304. The increases in operating revenues is primarily due to the increase in utility rates (3.0% for water and a 7.0% for reclaimed water).
- 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 are 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 like 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 29 to 30 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 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 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 31 to 33 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 major funds of the City of Post Falls.

The basic proprietary fund financial statements may be found on pages 34 to 36 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 37 to 72 of this report.

***Other information.*** The combining statements referred to earlier in connection with nonmajor governmental funds may be found on pages 76 and 77 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 of and for the ended September 30, 2018.

**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 \$251,652,086 at the close of the most recent fiscal year.

By far the largest portion of the City of Post Falls' net position (61.8 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 (19.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$48,511,638, 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 can 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, 84.4 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	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current and other assets	\$36,093,233	\$33,705,594	\$69,791,580	\$58,978,945	\$105,884,813	\$92,684,539
Capital assets	70,058,638	65,122,894	99,945,005	99,174,308	170,003,643	164,297,202
Total assets	106,151,871	98,828,488	169,736,585	158,153,253	275,888,456	256,981,741
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Proportionate share of collective deferred outflows of resources	1,151,871	1,003,404	126,664	107,440	1,278,535	1,110,844
Total deferred outflows of resources						
<b>LIABILITIES</b>						
Long-term liabilities outstanding	6,062,300	6,211,783	13,997,955	14,827,048	20,060,255	21,038,831
Other liabilities	3,371,318	3,034,038	1,228,207	1,401,846	4,599,525	4,435,884
Total liabilities	9,433,618	9,245,821	15,226,162	16,228,894	24,659,780	25,474,715
<b>DEFERRED INFLOW OF RESOURCES</b>						
Proportionate share of collective deferred inflows of resources	776,997	650,673	78,128	62,362	855,125	713,035
Total deferred inflows of resources	776,997	650,673	78,128	62,362	855,125	713,035
<b>NET POSITION</b>						
Net investment in capital assets	68,773,638	63,752,894	86,658,524	85,068,308	155,432,162	148,821,202
Restricted	8,580,329	9,127,103	39,127,957	32,480,908	47,708,286	41,608,011
Unrestricted	19,739,160	17,055,401	28,772,478	24,420,221	48,511,638	41,475,622
Total net position	\$97,093,127	\$89,935,398	\$154,558,959	\$141,969,437	\$251,652,086	\$231,904,835

**Governmental activities.** Governmental activities' key elements are broken down in the following charts. Governmental activities increased net position by \$7,157,729 and business-type activities increased net position by \$12,589,522.

The City's direct charges to users of governmental services made up \$7,260,052 or 27.4 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 \$6,808,754 in expenses, or 32.4 percent of the total. Highway and public works accounts for \$4,895,812 in expenses, or 23.3

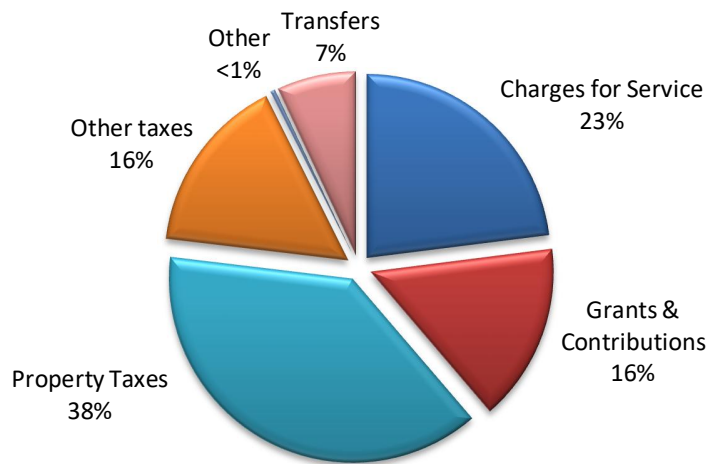
percent of the total. Culture and recreation accounts for \$2,376,302 in expenses, or 11.3 percent of the total. General government accounts for \$6,921,961 in expenses, or 32.9 percent of the total.

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

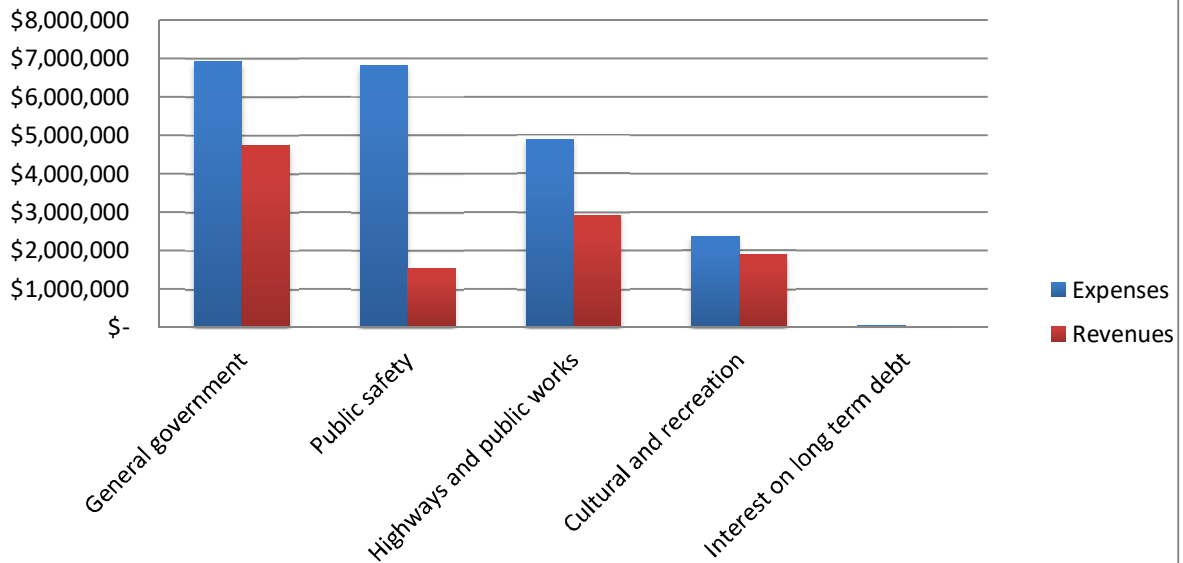
### City of Post Falls' Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$7,260,052	\$6,223,519	\$17,077,205	\$15,408,097	\$24,337,257	\$21,631,616
Operating grants and contributions	838,194	478,166			838,194	478,166
Capital grants and contributions	2,956,528	4,104,434	5,311,226	4,710,856	8,267,754	8,815,290
General revenues:						
Property taxes	10,743,680	10,072,449			10,743,680	10,072,449
Other taxes	4,570,089	4,252,949			4,570,089	4,252,949
Other	130,943	37,183	601,448	250,992	732,391	288,175
Total revenues	\$26,499,486	\$25,168,700	\$22,989,879	\$20,369,945	\$49,489,365	\$45,538,645
<b>EXPENSES</b>						
General government	\$6,921,961	\$6,336,780			\$6,921,961	\$6,336,780
Public safety	6,808,754	6,808,217			6,808,754	6,808,217
Highway and public works	4,895,812	4,562,035			4,895,812	4,562,035
Culture and recreation	2,376,302	2,308,641			2,376,302	2,308,641
Interest on long-term debt	35,558	52,040			35,558	52,040
Water			\$1,627,378	\$1,598,994	1,627,378	1,598,994
Reclaimed Water			4,741,739	4,253,783	4,741,739	4,253,783
Sanitation			2,334,610	2,134,098	2,334,610	2,134,098
Total expenses	\$21,038,387	\$20,067,713	\$8,703,727	\$7,986,875	\$29,742,114	\$28,054,588
<b>INCREASE IN NET POSITION</b>						
<b>BEFORE TRANSFERS</b>	5,461,099	5,100,987	14,286,152	12,383,070	19,747,251	17,484,057
<b>TRANSFERS IN (OUT)</b>	1,696,630	1,881,928	(1,696,630)	(1,881,928)		
<b>INCREASE IN NET POSITION</b>	7,157,729	6,982,915	12,589,522	10,501,142	19,747,251	17,484,057
<b>NET POSITION beginning</b>	89,935,398	82,952,483	141,969,437	131,468,295	231,904,835	214,420,778
<b>NET POSITION ending</b>	\$97,093,127	\$89,935,398	\$154,558,959	\$141,969,437	\$251,652,086	\$231,904,835

## 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 (16.2 percent).
- When all taxes are added together, they make up 54.3 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.

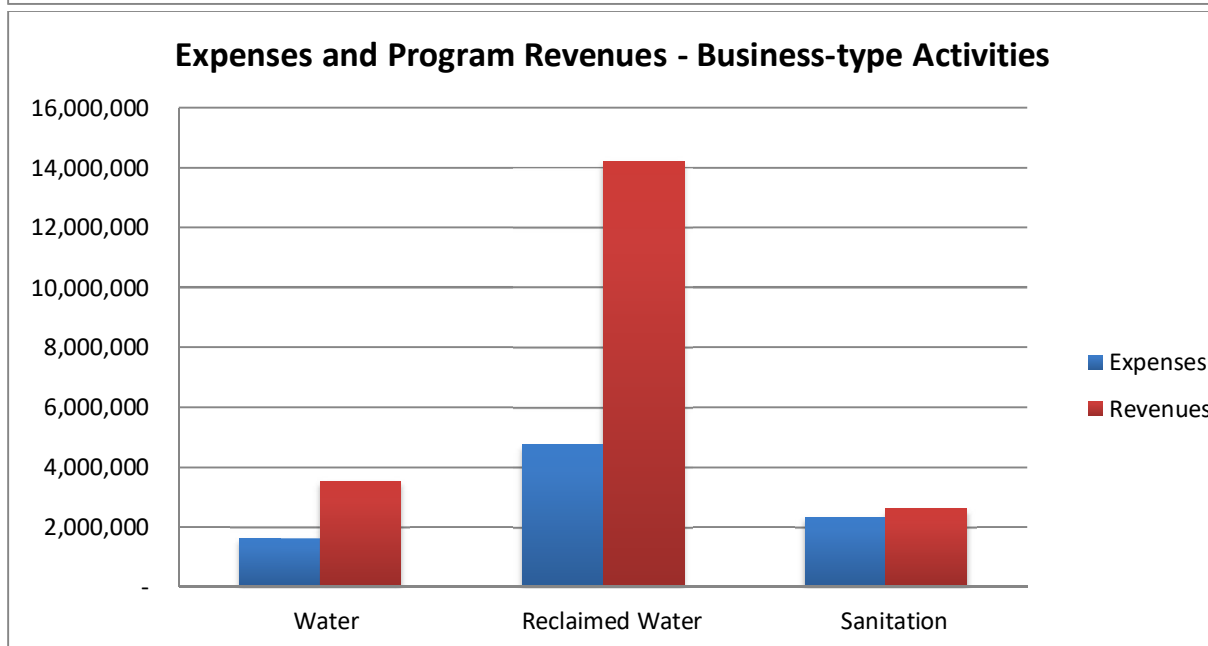
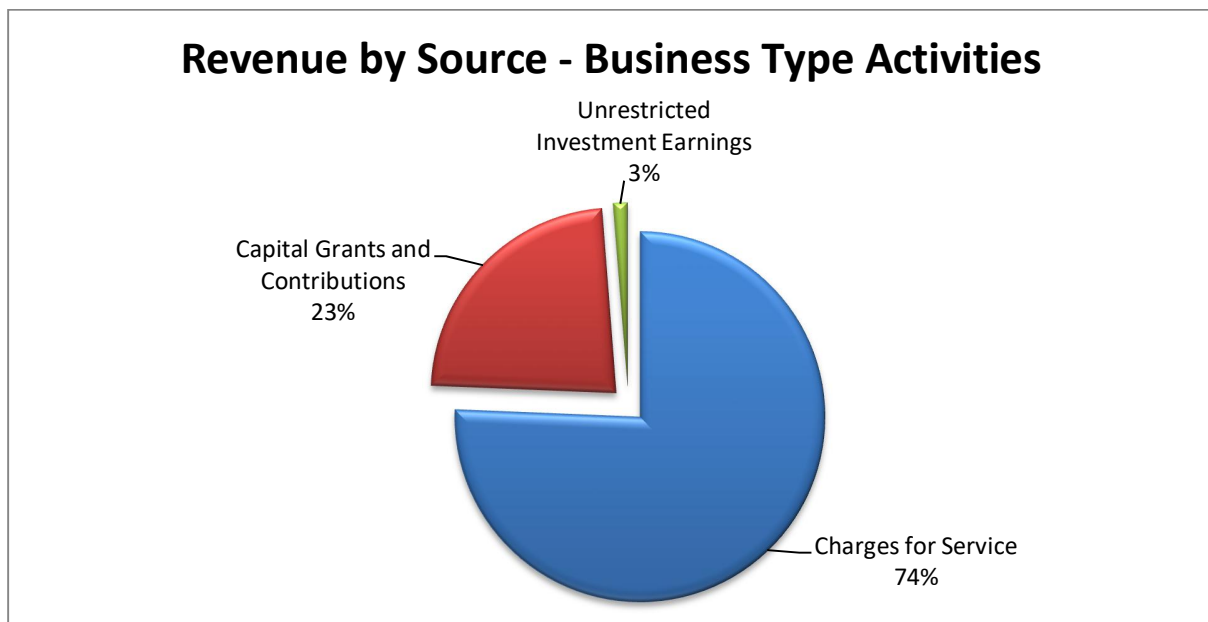
- Grants and contributions are primarily received by public safety and public works. These grants normally have matching requirements by the City yet allow programs and projects that may not happen without those additional funds. The City currently runs a domestic violence program that is significantly 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 18. No significant losses or revenues were received during the year and building permit revenue has increased during FY 18.

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 18 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 (74.3 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 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 \$32,142,183, an increase of \$2,038,568 in comparison with the prior year. The current fund balance contains \$8,580,329 of restricted dollars, \$3,833,107 of committed dollars, \$2,738,850 of assigned dollars and the balance of \$16,989,897 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 \$16,454,105 with a total fund balance of \$23,026,062. 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 82 percent of total general fund expenditures, while total fund balance represents 115.00 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 \$430,041. This balance is due to prepayments on the LID. The Capital Fund has a restricted fund balance of \$7,848,917. 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 \$28,772,478 (Water \$9,094,427; Reclaimed Water \$17,823,671; and Sanitation \$1,854,380). Restricted net position at the end of the year amounted to \$39,127,957 (Water \$9,353,838 and Reclaimed Water \$29,774,119).

**General Fund Budgetary Highlights**

There were no budget amendments performed during the current fiscal 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, 2018 amounts to \$170,003,643 (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 3.47 percent (a 7.58 percent increase for governmental activities and a 0.78 percent increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$7,155,945	\$6,323,643	\$19,601,284	\$18,965,898	\$26,757,229	\$25,289,541
Buildings & Imp.	14,585,334	12,944,329	2,976,744	2,926,204	17,562,078	15,870,533
Machinery & Equip.	3,158,182	3,002,845	1,191,818	1,204,579	4,350,000	4,207,424
Infrastructure	39,560,024	38,052,012			39,560,024	38,052,012
Wells			2,109,328	2,185,329	2,109,328	2,185,329
Water System			13,429,002	15,951,665	13,429,002	15,951,665
Reclaimed Water System			41,449,630	42,050,150	41,449,630	42,050,150
C.I.P.	<u>5,599,153</u>	<u>4,800,065</u>	<u>19,187,199</u>	<u>18,075,810</u>	<u>24,786,352</u>	<u>22,875,876</u>
Total	<u>\$70,058,638</u>	<u>\$65,122,894</u>	<u>\$99,945,005</u>	<u>\$99,174,306</u>	<u>\$170,003,643</u>	<u>\$164,297,200</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 fiscal year.



- Various Reclaimed Water projects, including a plant upgrade, upgrades to various lift stations, and completion of 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 \$14,571,481. Of this amount, \$1,285,000 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, \$765,184, water, \$40,010, and Reclaimed Water, \$75,892.

<u>Debt Type</u>	<u>2018 Balance</u>	<u>2017 Balance</u>
Reclaimed Water Revenue Bonds:	\$12,016,481	\$12,661,000
Water – Revenue Bonds, 2012	1,270,000	1,445,000
Special Assessment Bonds:	1,285,000	1,370,000
Premium on bonds payable	112,126	128,144
Compensated Absences:	<u>881,086</u>	<u>809,648</u>
	<u>\$15,564,693</u>	<u>\$16,413,792</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 \$60,143,705 on September 30, 2018. The City’s general obligation bond above is subject to this limit. Therefore, \$60,143,705 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 59 to 62 of this report.

### **Economic Factors and Next Year’s Budgets and Rates**

- Unemployment in Kootenai County decreased in 2018. The seasonally adjusted unemployment rate for Kootenai County in 2018 was 3.4% and the labor force pool was approximately 74,727, which was an increase by about 2,170 from 2017. This figure does not include the underemployed. The prior year reflected an unemployment rate of 3.9% in Kootenai County. In comparison, the national unemployment rate was approximately 4.0% and the statewide unemployment rate was 3.1% in 2018.

- Building permits issued in the City of Post Falls have increase significantly in FY 2018 after a strong growth in the prior year. In the next year, additional growth is anticipated.
- The number of utility accounts has continued to increase at a higher level and that higher-level growth level has been included in the budget process.

All these factors were considered in preparing the City of Post Falls' budget for the 2018 reported fiscal year and the upcoming 2018 fiscal year.

### **Budget Highlights for Fiscal Year 2017-2018**

**Governmental Activities.** During the current fiscal year, unassigned fund balance in the general fund increased by \$2,022,957 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 2018 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, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Post Falls Urban Renewal Agency
<b>Assets</b>				
Cash and cash equivalents	\$ 11,898,010	\$ 13,910,447	\$ 25,808,457	\$ 2,670,610
Investments	15,338,705	15,508,913	30,847,618	497,158
Receivables				
Accounts	65,219	2,162,044	2,227,263	
Taxes	295,204		295,204	120,166
Miscellaneous	1,233,272		1,233,272	
Special assessments	338,160		338,160	
Internal Balances	(229,670)	229,670		
Restricted cash, customer deposits		317,220	317,220	
Accrued interest	110,869	44,824	155,693	6,539
Prepaid items			-	2,115
Restricted cash	2,692,065	37,547,875	40,239,940	
Restricted Investments	4,351,399		4,351,399	596,517
Restricted accrued interest		70,587	70,587	
Capital assets, net of depreciation:				
Land	7,155,945	19,601,284	26,757,229	
Buildings	14,585,334	2,976,744	17,562,078	
Machinery and equipment	3,158,182	1,191,818	4,350,000	
Infrastructure	39,560,024	56,987,960	96,547,984	
Construction in progress	5,599,153	19,187,199	24,786,352	
Total assets	<u>106,151,871</u>	<u>169,736,585</u>	<u>275,888,456</u>	<u>3,893,105</u>
<b>Deferred Outflows of Resources</b>				
Proportionate share of collective deferred outflows of resources	1,151,871	126,664	1,278,535	9,626
Total deferred outflows of resources	<u>1,151,871</u>	<u>126,664</u>	<u>1,278,535</u>	<u>9,626</u>
<b>Liabilities</b>				
Accounts payable	1,196,484	717,037	1,913,521	541,222
Accrued payroll	269,966	34,929	304,895	5,488
Bond interest payable	31,852	159,024	190,876	15,802
Restricted customer deposits	1,873,016	317,220	2,190,236	
Noncurrent liabilities				
Due within one year	518,503	904,256	1,422,759	1,634,810
Due in more than one year	1,531,681	12,498,127	14,029,808	2,593,709
Premium on bonds payable (net of accumulated amortization)		112,126	112,126	
Net Pension Liability	4,012,116	483,443	4,495,559	22,565
Total liabilities	<u>9,433,618</u>	<u>15,226,162</u>	<u>24,659,780</u>	<u>4,813,596</u>
<b>Deferred Inflows of Resources</b>				
Proportionate share of collective deferred inflows of resources	776,997	78,128	855,125	28,294
Total deferred inflows of resources	<u>776,997</u>	<u>78,128</u>	<u>855,125</u>	<u>28,294</u>
<b>Net Position</b>				
Net investment in capital assets	68,773,638	86,658,524	155,432,162	
Restricted for:				
Special revenue projects	301,203		301,203	
Debt Service		27,292,537	27,292,537	596,517
Special assessment debt	430,209		430,209	
Capital improvement projects	7,848,917	11,835,420	19,684,337	
Unrestricted	19,739,160	28,772,478	48,511,638	(1,535,676)
Total net position	<u>\$ 97,093,127</u>	<u>\$ 154,558,959</u>	<u>\$ 251,652,086</u>	<u>\$ (939,159)</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, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Post Falls Urban Renewal Agency
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Governmental activities:</b>								
General government	\$ 6,921,961	\$ 4,514,537	\$ 207,779		\$ (2,199,645)		\$ (2,199,645)	\$ (3,732,767)
Public safety	6,808,754	973,012	562,421		(5,273,321)		(5,273,321)	
Highways and public works	4,895,812	13,145	21,684	\$ 2,874,572	(1,986,411)		(1,986,411)	
Culture and recreation	2,376,302	1,759,358	46,310	81,956	(488,678)		(488,678)	
Interest on long-term debt	35,558				(35,558)		(35,558)	
Pension plan expense								2,649
Total governmental activities	<u>21,038,387</u>	<u>7,260,052</u>	<u>838,194</u>	<u>2,956,528</u>	<u>(9,983,613)</u>		<u>(9,983,613)</u>	<u>(3,730,118)</u>
<b>Business-type activities:</b>								
Water	1,627,378	3,420,877		550,520		\$ 2,344,019	2,344,019	
Reclaimed water	4,741,739	10,894,587		4,760,706		10,913,554	10,913,554	
Sanitation	2,334,610	2,761,741				427,131	427,131	
Total business-type activities	<u>8,703,727</u>	<u>17,077,205</u>		<u>5,311,226</u>		<u>13,684,704</u>	<u>13,684,704</u>	
Total government	<u>\$ 29,742,114</u>	<u>\$ 24,337,257</u>	<u>\$ 838,194</u>	<u>\$ 8,267,754</u>	<u>(9,983,613)</u>	<u>13,684,704</u>	<u>3,701,091</u>	<u>(3,730,118)</u>
<b>General revenues:</b>								
Property taxes					10,743,680		10,743,680	4,804,883
Sales taxes					2,207,293		2,207,293	
Motor fuel taxes					1,657,368		1,657,368	
Alcoholic beverage taxes					705,428		705,428	
Unrestricted investment earnings					31,279	601,448	632,727	56,626
Miscellaneous					99,664		99,664	127,000
Total general revenues					<u>15,444,712</u>	<u>601,448</u>	<u>16,046,160</u>	<u>4,988,509</u>
Transfers					<u>1,696,630</u>	<u>(1,696,630)</u>		
Total general revenues and transfers					<u>17,141,342</u>	<u>(1,095,182)</u>	<u>16,046,160</u>	<u>4,988,509</u>
Change in net position					7,157,729	12,589,522	19,747,251	1,258,391
Net position - beginning					<u>89,935,398</u>	<u>141,969,437</u>	<u>231,904,835</u>	<u>(2,197,550)</u>
Net position - ending					<u>\$ 97,093,127</u>	<u>\$ 154,558,959</u>	<u>\$ 251,652,086</u>	<u>\$ (939,159)</u>

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

**City of Post Falls  
Balance Sheet  
Governmental Funds  
September 30, 2018**

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2018
<b>Assets</b>					
Cash on hand and cash equivalents	\$ 6,797,274	\$ 83,193	\$ 3,988,086	\$ 1,029,457	\$ 11,898,010
Investments	11,117,989		4,220,716		15,338,705
Accounts receivable:					
Property taxes - current	30,754				30,754
- delinquent	264,450				264,450
Loans receivable				8,975	8,975
Miscellaneous	1,127,729	95,174		1,394	1,224,297
Customers	2,350			62,869	65,219
Special assessments - delinquent		57,381			57,381
Special assessments - deferred		262,194		18,585	280,779
Due from other funds					
Accrued interest	93,440	458	16,971		110,869
Restricted current assets:					
Cash and cash equivalents	2,680,973			11,092	2,692,065
Investments	4,100,184	251,215			4,351,399
Total assets and other debits	<u>\$ 26,215,143</u>	<u>\$ 749,615</u>	<u>\$ 8,225,773</u>	<u>\$ 1,132,372</u>	<u>\$ 36,322,903</u>
<b>Liabilities:</b>					
Accounts payable	\$ 915,241		\$ 254,356	\$ 8,934	\$ 1,178,531
Due to other fund				17,953	17,953
Unapplied Credit					
Interfund payables				229,670	229,670
Accrued payroll and fringe benefits	269,966				269,966
Restricted customer deposits	1,739,424		122,500	11,092	1,873,016
Total liabilities	<u>2,924,631</u>		<u>376,856</u>	<u>267,649</u>	<u>3,569,136</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	264,450				264,450
Unavailable revenue - special assessment		\$ 319,574		18,585	338,159
Unavailable revenue - other				8,975	8,975
Total deferred inflows of resources	<u>264,450</u>	<u>319,574</u>		<u>27,560</u>	<u>611,584</u>
<b>Fund balances:</b>					
Restricted:					
Special revenue projects				301,203	301,203
Special assessment debt		430,041		168	430,209
Capital improvement projects			7,848,917		7,848,917
Committed:					
Revenue stabilization	3,833,107				3,833,107
Assigned:					
Capital improvements	2,738,850				2,738,850
Unassigned:	16,454,105			535,792	16,989,897
Total fund balances	<u>23,026,062</u>	<u>430,041</u>	<u>7,848,917</u>	<u>837,163</u>	<u>32,142,183</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 26,215,143</u>	<u>\$ 749,615</u>	<u>\$ 8,225,773</u>	<u>\$ 1,132,372</u>	

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.	70,058,637
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	611,584
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,086,602)
Pension liabilities, pension expense (revenue), deferred outflows of resources and deferred inflows of resources related to pensions.	(3,632,675)
Net Position of governmental activities	<u>\$ 97,093,127</u>

**City of Post Falls**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2018
<b>Revenues:</b>					
Taxes	\$11,269,119				\$11,269,119
Intergovernmental	4,916,235		\$ 66,359		4,982,594
Charges for services	4,211,121		1,955,917	\$ 474,654	6,641,692
Other revenue	536,288		4,350	138,045	678,683
Special assessment revenue		\$ 90,702		8,963	99,665
Interest	(3,528)	24,064	(21,127)	11,561	10,970
Total revenues	<u>20,929,235</u>	<u>114,766</u>	<u>2,005,499</u>	<u>633,223</u>	<u>23,682,723</u>
<b>Expenditures:</b>					
Current:					
General government	6,569,512	12,600	1,057	398	6,583,567
Public safety	6,229,982			188,979	6,418,961
Highways and public works	3,225,339				3,225,339
Culture and recreation	2,152,508			28,905	2,181,413
Capital outlay	1,891,957		2,680,256	233,008	4,805,221
Debt service:					
Principal		65,000		20,000	85,000
Interest		31,190		10,094	41,284
Total expenditures	<u>20,069,298</u>	<u>108,790</u>	<u>2,681,313</u>	<u>481,384</u>	<u>23,340,785</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>859,937</u>	<u>5,976</u>	<u>(675,814)</u>	<u>151,839</u>	<u>341,938</u>
<b>Other financing sources (uses):</b>					
Transfers in	1,828,424		150,000	50,809	2,029,233
Transfers out	(246,118)		(86,335)	(150)	(332,603)
Total other financing sources (uses)	<u>1,582,306</u>		<u>63,665</u>	<u>50,659</u>	<u>1,696,630</u>
<b>Net change in fund balance</b>	2,442,243	5,976	(612,149)	202,498	2,038,568
<b>Fund balances, beginning</b>	<u>20,583,819</u>	<u>424,065</u>	<u>8,461,066</u>	<u>634,665</u>	<u>30,103,615</u>
<b>Fund balances, ending</b>	<u>\$23,026,062</u>	<u>\$ 430,041</u>	<u>\$ 7,848,917</u>	<u>\$ 837,163</u>	<u>\$32,142,183</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, 2018**

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

Net change in fund balances - total governmental funds	\$ 2,038,568
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.	1,876,898
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	3,058,846
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	1,498
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.	40,573
The net pension effect related to the pension expense recognized for the year.	<u>141,346</u>
Change in net position of governmental activities	<u>\$ 7,157,729</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, 2018**

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
<b>Assets</b>							
<b>Current assets:</b>							
Cash	\$ 4,891,797	\$ 3,737,848	\$ 7,983,484	\$ 6,782,868	\$ 1,035,166	\$ 1,572,230	\$ 13,910,447
Investments	3,352,194	2,745,085	11,385,455	10,325,812	771,264	275,757	15,508,913
Utility receivables, net	671,173	706,295	1,239,636	1,132,913	251,235	234,525	2,162,044
Restricted cash, customer deposits	91,985	90,275	225,235	187,753			317,220
Accrued interest	10,867	11,465	33,957	35,829			44,824
Due from other funds	229,670	262,480	-	-			229,670
<b>Total current assets</b>	<b>9,247,686</b>	<b>7,553,448</b>	<b>20,867,767</b>	<b>18,465,175</b>	<b>2,057,665</b>	<b>2,082,512</b>	<b>32,173,118</b>
<b>Non-current assets:</b>							
Restricted cash	9,709,549	9,349,508	27,838,326	21,495,273			37,547,875
Restricted accrued interest	18,615	10,044	51,972	22,985			70,587
<b>Total restricted assets</b>	<b>9,728,164</b>	<b>9,359,552</b>	<b>27,890,298</b>	<b>21,518,258</b>			<b>37,618,462</b>
<b>Capital assets:</b>							
Land	59,096	59,096	19,542,188	18,906,803			19,601,284
Wells	3,592,339	3,592,339					3,592,339
Water system	21,520,302	21,439,277					21,520,302
Equipment	1,433,753	1,311,760	1,805,509	1,805,509			3,239,262
Reclaimed Water system			69,841,268	68,956,847			69,841,268
Construction in progress	360,344	294,634	18,826,854	17,781,176			19,187,198
Less accumulated depreciation	(10,241,585)	(9,678,803)	(26,795,063)	(25,294,330)			(37,036,648)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>16,724,249</b>	<b>17,018,303</b>	<b>83,220,756</b>	<b>82,156,005</b>			<b>99,945,005</b>
<b>Total non-current assets</b>	<b>26,452,413</b>	<b>28,377,855</b>	<b>111,111,054</b>	<b>103,674,263</b>			<b>137,563,467</b>
<b>Total Assets</b>	<b>35,700,099</b>	<b>33,931,303</b>	<b>131,978,821</b>	<b>122,139,438</b>	<b>2,057,665</b>	<b>2,082,512</b>	<b>169,736,585</b>
<b>Deferred Outflow of Resources</b>							
Proportionate share of collective deferred outflows of resources	47,605	42,283	79,059	65,157			126,664
<b>Total deferred outflows of resources</b>	<b>47,605</b>	<b>42,283</b>	<b>79,059</b>	<b>65,157</b>			<b>126,664</b>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	106,432	137,786	407,320	674,993	203,285	183,373	717,037
Accrued payroll	9,083	8,751	25,846	20,430			34,929
Bond interest payable	19,963	22,625	139,061	75,860			159,024
Compensated absences - current maturity	22,406	18,071	42,500	34,914			64,905
Customer deposits payable	91,985	90,275	225,235	187,753			317,220
Bond payable - current maturity	180,000	175,000	659,351	885,909			839,351
<b>Total current liabilities</b>	<b>429,869</b>	<b>452,508</b>	<b>1,499,313</b>	<b>1,879,859</b>	<b>203,285</b>	<b>183,373</b>	<b>2,132,466</b>
<b>Noncurrent liabilities:</b>							
Compensated absences	17,604	14,199	33,392	27,433			50,997
Premium on bonds payable (net of amortization)	112,126	128,144					112,126
Bonds payable	1,090,000	1,270,000	11,357,130	11,775,091			12,447,130
Net Pension Liability	167,147	171,257	316,296	327,030			483,443
<b>Total noncurrent liabilities</b>	<b>1,386,877</b>	<b>1,583,600</b>	<b>11,706,818</b>	<b>12,129,554</b>			<b>13,093,696</b>
<b>Total Liabilities</b>	<b>1,816,746</b>	<b>2,036,108</b>	<b>13,206,131</b>	<b>14,009,413</b>	<b>203,285</b>	<b>183,373</b>	<b>15,226,162</b>
<b>Deferred Inflows of Resources</b>							
Proportionate share of collective deferred inflows of resources	28,444	24,079	49,684	38,283			78,128
Deferred contracts			-	-			-
<b>Total deferred inflows of resources</b>	<b>28,444</b>	<b>24,079</b>	<b>49,684</b>	<b>38,283</b>			<b>78,128</b>
<b>Net Position</b>							
Net investment in capital assets	15,454,249	15,573,303	71,204,275	69,495,005			86,658,524
<b>Restricted for:</b>							
Debt service	250,875	246,761	27,041,862	20,742,131			27,292,537
Capital improvement projects	9,102,963	8,761,378	2,732,457	2,730,638			11,835,420
Unrestricted	9,094,427	7,331,957	17,823,671	15,189,125	1,854,380	1,899,139	28,772,478
<b>Total Net Position</b>	<b>\$ 33,902,514</b>	<b>\$ 31,913,399</b>	<b>\$ 118,802,065</b>	<b>\$ 108,156,899</b>	<b>\$ 1,854,380</b>	<b>\$ 1,899,139</b>	<b>\$ 154,558,959</b>

**City of Post Falls**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

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
<b>Operating Revenues:</b>							
Charges for services	\$ 3,194,232	\$ 2,896,716	\$ 10,588,575	\$ 9,435,557	\$ 2,732,633	\$ 2,583,380	\$ 16,515,440
Hookups and connections	41,855	20,985					41,855
Other revenues	184,790	180,483	306,012	260,933	29,108	30,043	519,910
Total operating revenues	<u>3,420,877</u>	<u>3,098,184</u>	<u>10,894,587</u>	<u>9,696,490</u>	<u>2,761,741</u>	<u>2,613,423</u>	<u>17,077,205</u>
<b>Operating Expenses:</b>							
Salaries and benefits	472,549	485,415	1,245,818	1,126,896			1,718,367
Administrative and supplies	565,808	528,835	1,641,269	1,395,251	2,334,610	2,134,098	4,541,687
Depreciation	562,781	552,962	1,500,732	1,477,806			2,063,513
Total operating expenses	<u>1,601,138</u>	<u>1,567,212</u>	<u>4,387,819</u>	<u>3,999,953</u>	<u>2,334,610</u>	<u>2,134,098</u>	<u>8,323,567</u>
Operating income	<u>1,819,739</u>	<u>1,530,972</u>	<u>6,506,768</u>	<u>5,696,537</u>	<u>427,131</u>	<u>479,325</u>	<u>8,753,638</u>
Nonoperating revenues (expenses):							
Investment income	179,240	91,323	413,289	156,169	8,919	3,500	601,448
Interest expense	<u>(26,240)</u>	<u>(31,782)</u>	<u>(353,920)</u>	<u>(253,830)</u>			<u>(380,160)</u>
Total nonoperating revenues (expenses)	<u>153,000</u>	<u>59,541</u>	<u>59,369</u>	<u>(97,661)</u>	<u>8,919</u>	<u>3,500</u>	<u>221,288</u>
Income before contributions and transfers	1,972,739	1,590,513	6,566,137	5,598,876	436,050	482,825	8,974,926
Capital Contributions - cap fees and other	550,520	342,455	4,760,706	4,368,401			5,311,226
Transfers in			79,920	79,920			79,920
Transfers (out)	<u>(534,144)</u>	<u>(531,082)</u>	<u>(761,597)</u>	<u>(958,431)</u>	<u>(480,809)</u>	<u>(472,335)</u>	<u>(1,776,550)</u>
Changes in net position	1,989,115	1,401,886	10,645,166	9,088,766	(44,759)	10,490	12,589,522
Net Position - beginning	<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>
Net Position - ending	<u>\$ 33,902,514</u>	<u>\$ 31,913,399</u>	<u>\$ 118,802,065</u>	<u>\$ 108,156,899</u>	<u>\$ 1,854,380</u>	<u>\$ 1,899,139</u>	<u>\$ 154,558,959</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, 2018**

	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	
<b>Cash Flows from Operating Activities</b>							
Receipts from customers	\$ 3,273,571	\$ 2,981,193	\$ 10,787,864	\$ 9,621,651	\$ 2,745,031	\$ 2,587,234	\$ 16,806,466
Payments to suppliers	(595,452)	(654,154)	(1,871,460)	(1,656,429)	(2,314,698)	(2,109,513)	(4,781,610)
Payments to employees	(353,181)	(377,560)	(1,237,591)	(1,243,927)			(1,590,772)
Net cash provided by operating activities	<u>2,324,938</u>	<u>1,949,479</u>	<u>7,678,813</u>	<u>6,721,295</u>	<u>430,333</u>	<u>477,721</u>	<u>10,434,084</u>
<b>Cash Flows from Non-capital Financing Activities</b>							
Transfer from other funds			79,920	79,920			79,920
Operating subsidies and transfers to other funds	(534,144)	(531,082)	(761,597)	(958,431)	(480,809)	(472,335)	(1,776,550)
Advances from other funds	32,810		-	-			32,810
Net cash (used) by non-capital financing activities	<u>(501,334)</u>	<u>39,504</u>	<u>(681,677)</u>	<u>(878,511)</u>	<u>(480,809)</u>	<u>(472,335)</u>	<u>(1,663,820)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Capital contributions	469,495	244,001	4,217,879	3,524,454			4,687,374
Principal payments on capital debt	(175,000)	(165,000)	(644,519)	2,441,021			(819,519)
Interest payments on capital debt	(44,920)	(50,350)	(290,719)	(181,428)			(335,639)
Purchase of capital assets	(121,641)	(273,621)	(2,025,151)	(5,101,471)			(2,146,792)
Net cash (used) provided by capital and related financing activities	<u>127,934</u>	<u>(244,970)</u>	<u>1,257,490</u>	<u>682,576</u>			<u>1,385,424</u>
<b>Cash Flows from Investing Activities</b>							
Interest received on investments	171,271	82,189	386,168	132,237	8,919	3,500	566,358
Net cash provided by investing activities	<u>171,271</u>	<u>82,189</u>	<u>386,168</u>	<u>132,237</u>	<u>8,919</u>	<u>3,500</u>	<u>566,358</u>
Net increase (decrease) in cash and cash equivalents	2,122,809	1,255,615	8,640,794	6,657,597	(41,557)	8,886	10,722,046
Cash and cash equivalents, beginning	15,922,716	14,667,100	38,791,706	32,134,109	1,847,987	1,839,101	56,562,409
Cash and cash equivalents, ending	<u>\$ 18,045,525</u>	<u>\$ 15,922,716</u>	<u>\$ 47,432,500</u>	<u>\$ 38,791,706</u>	<u>\$ 1,806,430</u>	<u>\$ 1,847,987</u>	<u>\$ 67,284,455</u>
<b>Reconciliation of Operating Income to Net Cash Provided by operating activities:</b>							
Operating income	\$ 1,819,739	\$ 1,530,972	\$ 6,506,768	\$ 5,696,537	\$ 427,131	\$ 479,325	\$ 8,753,638
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	562,781	552,962	1,500,732	1,420,106			2,063,513
Changes in assets and liabilities:							
Accounts receivable	(147,306)	(147,306)	(106,723)	(132,478)	(16,710)	(26,189)	(270,739)
Prepaid expense							
Accounts payable	(31,354)	22,114	(267,673)	(240,827)	19,912	24,585	(279,115)
Accrued payroll	8,071	3,326	18,961	-			27,032
Deferred Inflows				184,665			
Deferred Outflow				(99,358)			
Net change in pension liability	111,297	(10,095)	(10,734)	(107,350)			100,563
Customer deposits	1,710	(2,494)	37,482	-			39,192
Total adjustments	<u>\$ 2,324,938</u>	<u>\$ 1,949,479</u>	<u>\$ 7,678,813</u>	<u>\$ 6,721,295</u>	<u>\$ 430,333</u>	<u>\$ 477,721</u>	<u>\$ 10,434,084</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets	\$ 81,025	\$ 98,450	\$ 542,827	\$ 843,947	\$ -	\$ -	\$ 623,852
<b>Reconciliation of Cash to the Statement of Net Position</b>							
Cash and cash equivalents	\$ 4,891,797	\$ 3,737,848	\$ 7,983,484	\$ 6,782,868	\$ 1,035,166	\$ 1,572,230	\$ 13,910,447
Investments	3,352,194	2,745,085	11,385,455	10,325,812	771,264	275,757	15,508,913
Restricted cash, customer deposits	91,985	90,275	225,235	187,753			317,220
Restricted cash	9,709,549	9,349,508	27,838,326	21,495,273			37,547,875
	<u>\$ 18,045,525</u>	<u>\$ 15,922,716</u>	<u>\$ 47,432,500</u>	<u>\$ 38,791,706</u>	<u>\$ 1,806,430</u>	<u>\$ 1,847,987</u>	<u>\$ 67,284,455</u>

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

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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, 2018

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

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

Post Falls Urban Renewal Agency  
201 E 4<sup>th</sup> 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, 2018

#### 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, 2018

#### 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, 2018

#### 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, 2018 materially approximates fair value. Investments on hand at September 30, 2018 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, 2018

#### 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, 2018 are as follows:

Water:	
Gross accounts receivable	\$691,827
Less allowance for doubtful accounts	<u>(20,654)</u>
Accounts receivable, net	<u>\$671,173</u>
Reclaimed water:	
Gross accounts receivable	\$1,268,602
Less allowance for doubtful accounts	<u>(28,966)</u>
Accounts receivable, net	<u>\$1,239,636</u>
Sanitation:	
Gross accounts receivable	\$259,005
Less allowance for doubtful accounts	<u>(7,770)</u>
Accounts receivable, net	<u>\$251,235</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 and 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, 2018

#### 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:

	<u>Estimated Life</u>
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, 2018

#### 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, 2018

#### 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 2017-2018 fiscal year was .005593798.

**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, 2018

#### 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, 2018

#### 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, 2018:

Cash on hand	\$ 11,663
Deposits with financial institutions:	
Demand deposit	(92,281)
Time certificates of deposit	762,026
Investments	<u>100,865,333</u>
Total	<u>\$101,546,741</u>

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

Cash and cash equivalents	\$25,808,457
Investments	30,847,618
Restricted Cash and Investments	<u>44,890,666</u>
Total	<u>\$101,546,741</u>

##### Deposits

The carrying amount of the City's deposits with financial institutions was (\$92,281) 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 formal policies regarding custodial risk or foreign currency 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, 2018

#### 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, 2018, 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, 2018

#### NOTE 2: CASH AND INVESTMENTS (Continued)

Investment Type	Fair Value	Weighted Ave. Maturity - Years	Percentage of Portfolio
State Investment Pool	\$ 63,807,922	Daily	63.26%
Mountain West Bank - Repurchase Sweep	3,312,920	Daily	3.29%
Federal Home Loan Bank	15,012,855	6.28	14.89%
Federal Farm Credit Bank	7,967,750	6.52	7.90%
Federal Home Loan Mortgage Corporation	7,095,339	5.11	7.03%
Federal National Mortgage Association	2,948,694	6.49	2.92%
State of Idaho Bonds	446,841	6.00	0.44%
Money Market Funds	273,012	Daily	0.27%
	<u>\$ 100,865,333</u>		

#### NOTE 3: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2018:

	<u>LID 2004-1</u>	<u>LID 99-1</u>	<u>Total</u>
Beginning Assessment - principal	\$ 319,575	\$ 18,585	\$ 338,160
Assessments collected - principal*	-	-	-
Ending Assessment - principal**	<u>\$ 319,575</u>	<u>\$ 18,585</u>	<u>\$ 338,160</u>
Delinquent amounts	\$ 57,381	\$ -	\$ 57,381
Guarantee/Reserve funds	\$ 251,216	\$ 16,732	\$ 267,948

\*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, 2018

#### NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2018 is as follows:

	September 30,	Adjustments			September 30,
	2017	Additions	Transfers	Deletions	2018
<u>GOVERNMENTAL ACTIVITIES:</u>					
Capital assets, not being depreciated:					
Land	\$6,323,643	\$832,302			\$7,155,945
C.I.P.	4,800,064	1,231,647	(\$432,559)		5,599,153
Total capital assets, not being depreciated	<u>11,123,707</u>	<u>2,063,949</u>	<u>(432,559)</u>		<u>12,755,098</u>
Capital assets, being depreciated:					
Buildings and improvements	19,326,771	1,916,677	260,642		21,504,090
Equipment	6,695,031	405,567		(56,806)	7,043,792
Vehicles	5,001,071	411,962		(9,802)	5,403,231
Infrastructure	49,222,908	2,801,205	171,916		52,196,029
Total capital assets, being depreciated	<u>80,245,781</u>	<u>5,535,411</u>	<u>432,558</u>	<u>(66,608)</u>	<u>86,147,142</u>
Less: accumulated depreciation					
Buildings and improvements	6,382,444	536,313			6,918,757
Equipment	5,091,819	327,502		56,806	5,362,515
Vehicles	3,601,437	334,690		9,802	3,926,325
Infrastructure	11,170,896	1,465,109			12,636,005
Total accumulated depreciation	<u>26,246,596</u>	<u>2,663,614</u>			<u>28,843,602</u>
Total capital assets being depreciated, net	<u>53,999,185</u>	<u>2,871,797</u>	<u>432,558</u>	<u>66,608</u>	<u>57,303,540</u>
Governmental activities capital assets, net	<u>\$65,122,892</u>	<u>\$4,935,746</u>			<u>\$70,058,638</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### NOTE 4: CAPITAL ASSETS (Continued)

	September 30,	Adjustments			September 30,
	2017	Additions	Transfers	Deletions	2018
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Capital assets, not being depreciated:					
Land	\$18,965,898	635,386			\$19,601,284
C.I.P.	18,075,811	1,128,141	(16,753)		19,187,199
Total capital assets, not being depreciated	37,041,709	1,763,527	(16,753)		38,788,483
Capital assets, being depreciated:					
Wells	3,592,339				3,592,339
Water System	21,439,277	81,025			21,520,302
Equipment	3,117,269	121,992			3,239,261
Reclaimed Water System	68,956,847	867,668	16,753		69,841,268
Total capital assets, being depreciated	97,105,732	1,070,685	16,753		98,193,170
Less: accumulated depreciation					
Wells	1,407,010	76,001			1,483,011
Water System	7,504,403	424,545			7,928,948
Equipment	1,912,690	134,753			2,047,443
Reclaimed Water System	24,149,031	1,428,215			25,577,246
Total accumulated depreciation	34,973,133	2,063,515			37,036,648
Total capital assets being depreciated, net	62,132,599	(992,830)			61,156,522
Business-type activities capital assets, net	\$99,174,308	\$770,697			\$99,945,005

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

Governmental activities:	
General government	\$ 408,460
Public safety	389,793
Highways and public works	1,670,473
Culture and recreation	194,889
Total depreciation expense – governmental activities	<u>\$2,663,616</u>
Business-type activities:	
Water	\$562,782
Reclaimed water	1,500,733
Total depreciation expense – business-type activities	<u>\$2,063,515</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### 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](http://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, 2018 was as follows:

Members:	
Active plan	71,112
Terminated and vested	13,133
Retirees and beneficiaries	<u>46,907</u>
	<u>131,152</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, 2018

#### 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, 2018 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 \$1,120,989 for the year ended September 30, 2018.

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

At September 30, 2018, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 0.3047801 percent.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended September 30, 2018, the City recognized pension expense (revenue) of \$956,863. At September 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 493,485	\$ 339,524			
Changes of assumptions	292,525	-			
Net difference between projected and actual earnings on pension plan investments	-	499,482			
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	184,747	11,551			
City of Post Falls's contributions subsequent to the measurement date	307,778	-			
<b>Total</b>	<b>\$ 1,278,535</b>	<b>\$ 850,557</b>			

\$307,778 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, 2018.

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, 2018 is 4.8 years and 4.9 for the measurement period June 30, 2017.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

**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:

2019			\$ 310,153			
2020			(13,201)			
2021			(402,633)			
2022			(120,511)			
2023			-			

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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost of Living (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, 2018

#### **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, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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, 2018.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

		Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Asset Class	Target Allocation	(Arithmetic)	(Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
<b>Long-Term Expected Geometric Rate of Return, Net of Investment Expenses</b>			<b>7.05%</b>

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



## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

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

	<u>1% Decrease (6.05%)</u>	<u>Current Discount Rate (7.05%)</u>	<u>1% Increase (8.05%)</u>
Employer's net pension liability (asset) – Employer	\$11,253,403	\$4,495,560	\$(1,100,212)

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](http://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, 2018

#### 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, 2018

#### 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>
2019	\$215,000	\$27,738	\$242,738
2020	220,000	23,736	243,736
2021	230,000	19,596	249,596
2022	230,000	15,364	245,364
2023	230,000	11,132	241,132
2024	240,000	6,808	246,808
2025	<u>250,000</u>	<u>2,300</u>	<u>252,300</u>
	<u>\$1,615,000</u>	<u>\$106,674</u>	<u>\$1,721,674</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 13<sup>th</sup> and December 13<sup>th</sup> 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>
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	485,939	189,970	675,909
2024-2028	2,598,799	780,746	3,379,545
2029-2033	2,907,081	472,464	3,379,545
2034-2037	<u>2,571,646</u>	<u>131,990</u>	<u>2,703,636</u>
	<u>\$10,401,481</u>	<u>\$2,440,790</u>	<u>\$12,842,271</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### 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>
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>\$1,270,000</u>	<u>\$148,139</u>	<u>\$1,418,139</u>

Long-term liability activity for the year ended September 30, 2018 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:	3/01/19	5.60	\$20,000	\$1,120	\$21,120
			<u>\$20,000</u>	<u>\$1,120</u>	<u>\$21,120</u>
L.I.D. 2004-1:	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>\$1,265,000</u>	<u>\$178,745</u>	<u>\$1,443,745</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### 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, 2018 is \$1,400. As of September 30, 2018, \$16,732 is set-aside in this fund.

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

	<u>Balance</u> <u>10/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/18</u>
Compensated absences	\$ 715,031	\$ 60,874	\$ 10,721	\$ 765,184
Local imp. bonds payable	<u>1,370,000</u>	<u>          </u>	<u>85,000</u>	<u>1,285,000</u>
	<u>\$2,085,031</u>	<u>\$ 60,874</u>	<u>\$ 95,721</u>	<u>\$2,050,184</u>

	<u>Due in</u> <u>One Year</u>
Compensated absences	\$ 428,503
Local imp. bond payable	<u>90,000</u>
	<u>\$ 518,503</u>

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

	<u>Balance</u> <u>10/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/18</u>
Compensated absences	\$ 94,617	\$ 21,285		\$ 115,902
Premium on bonds payable	128,144		\$16,018	112,126
DEQ Loan	10,836,000		434,519	10,401,481
Bonds payable	<u>3,270,000</u>	<u>          </u>	<u>385,000</u>	<u>2,885,000</u>
	<u>\$14,328,761</u>	<u>\$21,285</u>	<u>\$835,537</u>	<u>\$13,514,509</u>

	<u>Due in</u> <u>One Year</u>
Compensated absences	\$ 64,905
Bonds payable	<u>839,351</u>
	<u>\$904,256</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS

September 30, 2018

#### 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 2018, the Post Falls Urban Renewal Agency has outstanding debt totaling \$4,228,519 for project financing from Washington Trust Bank.

##### Agency Cash and Investments

Deposit Insurance Corporation up to \$250,000. As of September 30, 2018, the Agency had uninsured balances totaling \$0.

The carrying amount of the Agency's deposits and investments as of September 30, 2018 is categorized as follows:

Cash and cash equivalents	\$ 52,696
Restricted cash and cash equivalents	596,517
Equity in the state investment pool	2,617,914
Amount insured by the FDIC or other agencies	<u>497,158</u>
Total	<u>\$3,764,285</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, 2018

#### 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 \$7,592 as of September 30, 2018, which has not been reflected in the financial statements.

State statutes 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	\$ 497,158	-	-	497,158
Total Investments	\$ 497,158	-	-	497,158

#### Receivables

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

<u>Year</u>	<u>Balance 9/30/2017</u>	<u>Assessment Levied</u>	<u>Adjustments &amp; Collections</u>	<u>Balance 9/30/2018</u>
2007-2017	<u>\$257,543</u>	<u>\$4,941,354</u>	<u>(\$5,078,730)</u>	<u>\$120,166</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### 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, 2018 is as follows:

Taxes Due at September 30, 2018	\$ 120,166
Received October 2018	(3,929)
Received November 2018	<u>(5,926)</u>
Total	<u>\$ 110,311</u>

#### Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning	Increases	Decreases	Ending
	Balances	Balances	Balances	Balances
Office Furniture	\$ 2,114			\$ 2,114
Less Accumulated Depreciation	2,114			2,114
Capital Assets, Net	<u>\$ -</u>	<u>-</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 totaling \$96,509 was approved and added to the obligation. During fiscal year 208 additional cost reimbursements totaling \$1,978,651 were approved. 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 and \$1,146,547 was reimbursed in fiscal year 2018, leaving a balance of \$832,104.

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, 2018

#### 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, \$1,174,529 was reimbursed in previous fiscal years, and \$243,933 was reimbursed in fiscal year 2018, leaving a balance of \$571,546.

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, \$2,239,579 was reimbursed in previous fiscal years, and \$643,924 was reimbursed in fiscal year 2018, leaving a balance of \$3,615,457.

Tullamore Commons II, 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, \$79,187 was reimbursed in previous fiscal years, and \$27,191 was reimbursed in fiscal year 2018, leaving a balance of \$218,622.

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 and \$497,313 was approved in fiscal year 2018 totaling approved reimbursements of \$7,564,627. Of the total amount the Agency has agreed to reimburse, \$5,255,978 was reimbursed in previous fiscal years, and \$771,156 was reimbursed in fiscal year 2018, leaving a balance of \$1,537,493.

The Agency 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, 2018 was \$7,740.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### 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 1<sup>st</sup> 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 \$596,517 at Washington Trust Bank pursuant to loan covenants.

#### NOTE 8: DEFICIT FUND EQUITY

The following funds had deficit fund equity at September 30, 2018:

Fund	Deficit
Debt Service: LID 99-1	\$16,564

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.

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.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### 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, 2018, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,828,424	\$ 246,118
Capital Fund	150,000	86,335
Nonmajor Governmental Funds	50,809	150
Enterprise Funds	<u>79,920</u>	<u>1,776,550</u>
Totals	<u>\$2,109,153</u>	<u>\$2,109,153</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, 2018 is as follows:

Inter-fund receivable/payable:

	<u>Receivable</u>	<u>Payable</u>
Nonmajor Governmental Funds		\$ 229,670
Enterprise Funds	<u>\$ 229,670</u>	
Totals	<u>\$ 229,670</u>	<u>\$ 229,670</u>

The current purposes for the inter-fund/payables in the City is or borrowing from other funds. The 911 Support Fund owes \$229,670 Water Fund for construction of a wireless communication tower in 2016 that will be paid over the next five to ten years.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

#### 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 \$2,086,602 difference are as follows:

Bonds payable	\$1,285,000
Accrued interest payable	31,852
Discount/Premium	4,566
Compensated absences	<u>765,184</u>

Net adjustment to increase *fund balance – total governmental funds* to arrive at *net position – governmental activities* \$2,086,602

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 \$2,178,032 are as follows:

Capital outlay	\$1,876,898
Depreciation	<u>301,134</u>

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* \$2,178,032

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS

September 30, 2018

#### 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 \$3,058,846 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.	<u>\$2,794,139</u>
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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>\$3,058,846</u>
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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 \$1,498 difference are as follows:

Property taxes	\$ 6,066
Special assessment debt issued and repaid	<u>(4,568)</u>

Net adjustment to <i>decrease net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$1,498</u>
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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 (\$40,573) difference are as follows:

Debt issued or incurred:	
Compensated absences	\$ 50,153
Principal repayments:	
Special assessment debt	(85,000)
Accrued interest payable	<u>(5,726)</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>(\$40,573)</u>
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## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2018

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

The net pension effect related to the pension expense recognized for the year. \$141,346

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

##### Governmental Activities:

Capital assets, net of depreciation \$70,048,836  
Local improvement bonds payable (1,285,000)

Net investment in capital assets \$68,763,836

##### Business-Type Activities:

Capital assets, net of depreciation \$99,945,005  
Idaho Department of Environmental Quality Bond (10,401,481)  
Reclaimed water bonds payable (1,615,000)  
Water bonds payable (1,270,000)

Net investment in capital assets \$86,658,524

## **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, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
General taxes	\$ 11,247,493	\$ 11,247,493	\$ 11,269,119	\$ 21,626
Intergovernmental revenue	4,313,852	4,313,852	4,916,235	602,383
Charges for services	2,355,223	2,355,223	4,211,121	1,855,898
Other revenue	268,564	268,564	536,288	267,724
Interest	35,000	35,000	(3,528)	(38,528)
Total revenues	<u>18,220,132</u>	<u>18,220,132</u>	<u>20,929,235</u>	<u>2,709,103</u>
<b>Expenditures</b>				
Current:				
General government	8,813,808	7,810,294	6,569,512	1,240,782
Public safety	6,274,017	6,514,264	6,229,982	284,282
Highways and public works	3,517,489	3,611,254	3,225,339	385,915
Culture and recreation	2,139,823	2,244,190	2,152,508	91,682
Capital outlay	1,007,900	1,573,036	1,891,957	(318,921)
Debt service				
Principal				
Interest				
Total expenditures	<u>21,753,037</u>	<u>21,753,038</u>	<u>20,069,298</u>	<u>1,683,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,532,905)</u>	<u>(3,532,906)</u>	<u>859,937</u>	<u>4,392,843</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,776,550	1,776,550	1,828,424	
Transfers (out)	<u>(229,920)</u>	<u>(229,920)</u>	<u>(246,118)</u>	<u>(16,198)</u>
Total other financing sources (uses)	<u>1,546,630</u>	<u>1,546,630</u>	<u>1,582,306</u>	<u>(16,198)</u>
Net changes in fund balance	(1,986,275)	(1,986,276)	2,442,243	4,376,645
Fund balances - beginning	<u>20,583,819</u>	<u>20,583,819</u>	<u>20,583,819</u>	
Fund balances - ending	<u>\$ 18,597,544</u>	<u>\$ 18,597,543</u>	<u>\$ 23,026,062</u>	<u>\$ 4,376,645</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, 2018**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years \***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability.	0.3047801%	0.2942458%	0.2940635%	0.2854469%
Employer's proportionate share of the net pension liability.	\$ 4,495,560	\$4,625,039	\$5,961,119	\$3,758,871
Employer's covered-employee payroll.	9,771,522	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.	46.01%	51.10%	69.27%	46.40%
Plan fiduciary net position as a percentage of the total pension liability.	91.69%	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 June 30, 2018 (measurement date)

**Schedule of Employer  
Contributions**

**(required supplementary information)**

**City of Post Falls**  
**Schedule of Employer Contributions**  
**For the Year Ended September 30, 2018**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years \***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution.	\$1,183,588	\$ 992,233	\$ 874,140	\$ 933,702
Contributions in relation to the statutorily required contribution.	<u>(1,125,063)</u>	<u>(1,048,596)</u>	<u>(982,273)</u>	<u>(957,989)</u>
Contribution deficiency (excess).	<u>58,525</u>	<u>(56,363)</u>	<u>(108,133)</u>	<u>(24,287)</u>
Employer's covered-employee payroll.	\$9,771,522	\$9,051,120	\$ 8,605,857	\$ 8,100,621
Contributions as a percentage of covered employee payroll.	11.51%	11.59%	11.41%	11.83%

\* 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, 2018.

## **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**

	<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
<b>Assets</b>										
Cash	\$ 25,884	\$ 1,341	\$ 1,636	\$ 133,440	\$ 125,576	\$ 711,533	\$ 13,315		\$ 16,732	\$ 1,029,457
Accounts receivable:										
Loans receivable		8,975								8,975
Miscellaneous Customers	5				638	62,231		\$ 1,389		1,394
Assessments - delinquent - deferred								18,585		18,585
Restricted current assets:										
Cash and cash equivalents						11,092				11,092
Total assets	<u>\$ 25,889</u>	<u>\$ 10,316</u>	<u>\$ 1,636</u>	<u>\$ 133,440</u>	<u>\$ 126,214</u>	<u>\$ 773,764</u>	<u>\$ 24,407</u>	<u>\$ 19,974</u>	<u>\$ 16,732</u>	<u>\$ 1,132,372</u>
<b>Liabilities:</b>										
Accounts payable				\$ 385		\$ 8,302	\$ 247			\$ 8,934
Due to other funds								\$ 17,953		17,953
Unapplied Credit										
Interfund payable						229,670				229,670
Restricted customer deposits							11,092			11,092
Total liabilities				<u>385</u>		<u>237,972</u>	<u>11,339</u>	<u>17,953</u>		<u>267,649</u>
<b>Deferred Inflows of Resources</b>										
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>
<b>Fund Balance</b>										
Restricted:										
Special revenue projects	25,889	1,341	\$ 1,636	133,055	126,214					301,203
Special assessment debt								(16,564)	\$ 16,732	168
Unassigned:						535,792				535,792
Total fund balance	<u>25,889</u>	<u>1,341</u>	<u>1,636</u>	<u>133,055</u>	<u>126,214</u>	<u>535,792</u>	<u>13,068</u>	<u>(16,564)</u>	<u>16,732</u>	<u>837,163</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 25,889</u>	<u>\$ 10,316</u>	<u>\$ 1,636</u>	<u>\$ 133,440</u>	<u>\$ 126,214</u>	<u>\$ 773,764</u>	<u>\$ 24,407</u>	<u>\$ 19,974</u>	<u>\$ 16,732</u>	<u>\$ 1,132,372</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.

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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, 2018**

	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	
<b>Revenues:</b>									
Charges-services/program remittances				\$ 31,175		\$ 443,479			\$ 474,654
Other revenue	\$ 80,679			2,298	\$ 134	28,833	\$ 26,101		138,045
Principal								\$ 8,963	8,963
Interest	818	\$ 16	\$ 20	1,302	302	7,380	338	1,171	\$ 11,561
Total revenues	<u>81,497</u>	<u>16</u>	<u>20</u>	<u>34,775</u>	<u>436</u>	<u>479,692</u>	<u>26,439</u>	<u>10,134</u>	<u>633,223</u>
<b>Expenditures:</b>									
Current:									
General government					(2)			400	398
Public safety						144,599	44,380		188,979
Highways and public works									
Culture and recreation	1,736			27,169					28,905
Capital outlay	14,427					218,581			233,008
Debt service:									
Principal								20,000	20,000
Interest						7,874		2,220	10,094
Total expenditures	<u>16,163</u>			<u>27,169</u>	<u>(2)</u>	<u>371,054</u>	<u>44,380</u>	<u>22,620</u>	<u>481,384</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>65,334</u>	<u>16</u>	<u>20</u>	<u>7,606</u>	<u>438</u>	<u>108,638</u>	<u>(17,941)</u>	<u>(12,486)</u>	<u>151,839</u>
<b>Other financing sources (uses):</b>									
Transfers in				16,198		34,461		150	50,809
Transfers out								(150)	(150)
Total other financing sources (uses)				16,198		34,461			50,659
<b>Net change in fund balance</b>	<u>65,334</u>	<u>16</u>	<u>20</u>	<u>23,804</u>	<u>438</u>	<u>143,099</u>	<u>(17,941)</u>	<u>(12,486)</u>	<u>202,498</u>
<b>Fund balance - beginning</b>	<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>634,665</u>
<b>Fund balance - ending</b>	<u>\$ 25,889</u>	<u>\$ 1,341</u>	<u>\$ 1,636</u>	<u>\$ 133,055</u>	<u>\$ 126,214</u>	<u>\$ 535,792</u>	<u>\$ 13,068</u>	<u>\$ (16,564)</u>	<u>\$ 837,163</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, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Principal	\$ 100,000	\$ 100,000	\$ 90,702	\$ (9,298)
Interest	80,900	80,900	24,064	(56,836)
Total revenues	<u>180,900</u>	<u>180,900</u>	<u>114,766</u>	<u>(66,134)</u>
<b>Expenditures</b>				
Current:				
General government	6,300	6,300	12,600	(6,300)
Capital outlay				
Debt Service				
Principal	60,000	60,000	65,000	(5,000)
Interest	66,190	66,190	31,190	35,000
Total expenditures	<u>132,490</u>	<u>132,490</u>	<u>108,790</u>	<u>23,700</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>48,410</u>	<u>48,410</u>	<u>5,976</u>	<u>(42,434)</u>
<b>Other financing sources (uses):</b>				
Total other financing sources (uses)				
<b>Net change in fund balance</b>	48,410	48,410	5,976	(42,434)
<b>Fund balance - beginning</b>	<u>424,065</u>	<u>424,065</u>	<u>424,065</u>	
<b>Fund balance - ending</b>	<u>\$ 472,475</u>	<u>\$ 472,475</u>	<u>\$ 430,041</u>	<u>\$ (42,434)</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		
<b>Revenues</b>				
Intergovernmental revenue	\$ 210,000	\$ 210,000	\$ 66,359	\$ (143,641)
Charges for services	650,000	650,000	1,955,917	1,305,917
Other revenue			4,350	4,350
Interest	35,500	35,500	(21,127)	(56,627)
Total revenues	<u>895,500</u>	<u>895,500</u>	<u>2,005,499</u>	<u>1,109,999</u>
<b>Expenditures</b>				
Current:				
General government	2,627,395	2,627,395	1,057	2,626,338
Capital outlay	1,240,000	1,240,000	2,680,256	(1,440,256)
Debt Service				
Principal				
Interest				
Total expenditures	<u>3,867,395</u>	<u>3,867,395</u>	<u>2,681,313</u>	<u>1,186,082</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,971,895)</u>	<u>(2,971,895)</u>	<u>(675,814)</u>	<u>2,296,081</u>
<b>Other financing sources (uses):</b>				
Transfers in	150,000	150,000	150,000	
Transfers out	(34,461)	(34,461)	(86,335)	(51,874)
Total other financing sources (uses)	<u>115,539</u>	<u>115,539</u>	<u>63,665</u>	<u>(51,874)</u>
<b>Net change in fund balance</b>	(2,856,356)	(2,856,356)	(612,149)	2,244,207
<b>Fund balance - beginning</b>	<u>8,461,066</u>	<u>8,461,066</u>	<u>8,461,066</u>	
<b>Fund balance - ending</b>	<u>\$ 5,604,710</u>	<u>\$ 5,604,710</u>	<u>\$ 7,848,917</u>	<u>\$ 2,244,207</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, 2018**

	2018		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Other revenue	\$ 261,093	\$ 81,497	\$ (179,596)
Interest			
Total revenues	<u>261,093</u>	<u>81,497</u>	<u>(179,596)</u>
<b>Expenditures:</b>			
Culture and recreation		1,737	(1,737)
Capital Outlay	40,000	14,427	25,573
Total expenditures	<u>40,000</u>	<u>16,164</u>	<u>23,836</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>221,093</u>	<u>65,333</u>	<u>(155,760)</u>
<b>Other financing sources (uses):</b>			
Total other financing sources (uses)			
<b>Net change in fund balance</b>	221,093	65,333	(155,760)
<b>Fund balance - beginning</b>	<u>(39,445)</u>	<u>(39,445)</u>	
<b>Fund balance - ending</b>	<u>\$ 181,648</u>	<u>\$ 25,888</u>	<u>\$ (155,760)</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, 2018**

	2018		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Interest		\$ 16	
Total revenues		16	
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		16	16
<b>Other financing sources (uses):</b>			
Total other financing sources (uses)			
<b>Net change in fund balance</b>		16	16
<b>Fund balance - beginning</b>	\$ 1,325	1,325	
<b>Fund balance - ending</b>	\$ 1,325	\$ 1,341	\$ 16

**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, 2018**

	2018		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Interest		\$ 20	20
Total revenues		20	20
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		20	20
<b>Other financing sources (uses):</b>			
Total other financing sources (uses)			
<b>Net change in fund balance</b>		20	20
<b>Fund balance - beginning</b>	\$ 1,616	1,616	
<b>Fund balance - ending</b>	\$ 1,616	\$ 1,636	\$ 20



**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, 2018**

	2018		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Charges-services/programs	\$ 33,398	\$ 31,175	\$ (2,223)
Other revenue	6,250	2,298	(3,952)
Interest		1,302	1,302
Total revenues	<u>39,648</u>	<u>34,775</u>	<u>(4,873)</u>
<b>Expenditures:</b>			
Culture and recreation	<u>39,648</u>	<u>27,169</u>	<u>12,479</u>
Total expenditures	<u>39,648</u>	<u>27,169</u>	<u>12,479</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>7,606</u>	<u>7,606</u>
<b>Other financing sources (uses):</b>			
Transfers in		<u>16,198</u>	<u>16,198</u>
Total other financing sources (uses)		<u>16,198</u>	<u>16,198</u>
<b>Net change in fund balance</b>		23,804	23,804
<b>Fund balance - beginning</b>	<u>109,251</u>	<u>109,251</u>	
<b>Fund balance - ending</b>	<u>\$ 109,251</u>	<u>\$ 133,055</u>	<u>\$ 23,804</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, 2018**

	2018		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Charges-services/programs	\$ -	\$ -	\$ -
Other revenue		136	136
Interest		302	302
Total revenues		<u>438</u>	<u>438</u>
<b>Expenditures:</b>			
General governmental			
Highways and public works			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>438</u>	<u>438</u>
<b>Other financing sources (uses):</b>			
Transfers out			
Total other financing sources (uses)			
<b>Net change in fund balance</b>		438	438
<b>Fund balance - beginning</b>	<u>125,776</u>	<u>125,776</u>	
<b>Fund balance - ending</b>	<u>\$ 125,776</u>	<u>\$ 126,214</u>	<u>\$ 438</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, 2018**

	2018			Variance with Final Budget- Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Charges-services/programs	\$ 570,754	\$ 570,754	\$ 443,480	\$ (127,274)
Other revenue	6,000	6,000	28,833	22,833
Interest	200	200	7,380	7,180
Total revenues	<u>576,954</u>	<u>576,954</u>	<u>479,693</u>	<u>(97,261)</u>
<b>Expenditures:</b>				
Public safety	191,401	192,342	144,600	47,742
Capital outlay	379,330	378,389	218,581	159,808
Debt service - interest	40,684	40,684	7,874	32,810
Total expenditures	<u>611,415</u>	<u>611,415</u>	<u>371,055</u>	<u>240,360</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(34,461)</u>	<u>(34,461)</u>	<u>108,638</u>	<u>143,099</u>
<b>Other financing sources (uses):</b>				
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>	
<b>Net change in fund balance</b>			143,099	143,099
<b>Fund balance - beginning</b>	<u>392,693</u>	<u>392,693</u>	<u>392,693</u>	
<b>Fund balance - ending</b>	<u>\$ 392,693</u>	<u>\$ 392,693</u>	<u>\$ 535,792</u>	<u>\$ 143,099</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, 2018**

	2018		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Other revenue	\$ 60,000	\$ 26,152	\$ (33,848)
Interest		287	287
Total revenues	<u>60,000</u>	<u>26,439</u>	<u>(33,561)</u>
<b>Expenditures:</b>			
Public safety	60,000	44,380	15,620
Capital Outlay			
Total expenditures	<u>60,000</u>	<u>44,380</u>	<u>15,620</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>(17,941)</u>	<u>(17,941)</u>
<b>Other financing sources (uses):</b>			
Operating transfers in			
Operating transfers out			
Total other financing sources (uses)			
<b>Net change in fund balance</b>		(17,941)	(17,941)
<b>Fund balance - beginning</b>	<u>31,009</u>	<u>31,009</u>	
<b>Fund balance - ending</b>	<u><u>\$ 31,009</u></u>	<u><u>\$ 13,068</u></u>	<u><u>\$ (17,941)</u></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, 2018**

	2018		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Principal	\$ 5,000	\$ 8,963	\$ 3,963
Interest	4,050	1,170	(2,880)
Total revenues	<u>9,050</u>	<u>10,133</u>	<u>1,083</u>
<b>Expenditures:</b>			
General governmental	400	400	
Debt service - principal	20,000	20,000	
- interest	2,220	2,220	
Total expenditures	<u>22,620</u>	<u>22,620</u>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(13,570)</u>	<u>(12,487)</u>	<u>1,083</u>
<b>Other financing sources (uses):</b>			
Total other financing sources (uses)			
<b>Net change in fund balance</b>	(13,570)	(12,487)	1,083
<b>Fund balance - beginning</b>	<u>(4,078)</u>	<u>(4,078)</u>	
<b>Fund balance - ending</b>	<u>\$ (17,648)</u>	<u>\$ (16,565)</u>	<u>\$ 1,083</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, 2018**

	2018		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Interest		\$ 214	\$ 214
Total revenues		214	214
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		214	214
<b>Other financing sources (uses):</b>			
Operating transfers in	\$ 150	150	
Transfers out	(150)	(150)	
Total other financing sources (uses)			
<b>Net change in fund balance</b>		214	214
<b>Fund balance - beginning</b>	16,732	16,518	214
<b>Fund balance - ending</b>	\$ 16,732	\$ 16,732	\$ 428



## Statistical Section



*Polites Park is one of the City's smallest parks, but in the spring it is one of the prettiest as a long row of trees are in bloom.*

## Statistical Section

### Financial Trends Information

Financial trends schedules are intended to provide users with information to assist them in understanding and assessing how the City's financial position has changed over time.

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### Demographic and Economic Information

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## Operating Information

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Table #1

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014 (*)	2015	2016	2017	2018
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 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	\$ 68,773,638
Restricted	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	8,580,329
Unrestricted	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	19,739,160
<b>Total governmental activities net position</b>	<b>\$ 60,855,172</b>	<b>\$ 64,621,218</b>	<b>\$ 66,288,264</b>	<b>\$ 71,071,468</b>	<b>\$ 73,806,524</b>	<b>\$ 75,891,021</b>	<b>\$ 75,530,886</b>	<b>\$ 82,952,483</b>	<b>\$ 89,935,398</b>	<b>\$ 97,093,127</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 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	\$ 86,658,524
Restricted	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	39,127,957
Unrestricted	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	28,772,478
<b>Total business-type activities net position</b>	<b>\$ 92,120,711</b>	<b>\$ 96,062,606</b>	<b>\$ 99,521,928</b>	<b>\$ 103,660,673</b>	<b>\$ 108,133,624</b>	<b>\$ 112,930,405</b>	<b>\$ 120,406,496</b>	<b>\$ 131,468,295</b>	<b>\$ 141,969,437</b>	<b>\$ 154,558,959</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 155,432,162
Restricted	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	47,708,286
Unrestricted	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	48,511,638
<b>Total primary government net position</b>	<b>\$ 152,975,883</b>	<b>\$ 160,683,824</b>	<b>\$ 165,810,192</b>	<b>\$ 174,732,141</b>	<b>\$ 181,940,148</b>	<b>\$ 188,821,426</b>	<b>\$ 195,937,382</b>	<b>\$ 214,420,778</b>	<b>\$ 231,904,835</b>	<b>\$ 251,652,086</b>

(\*) = 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)**

	2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013 (*)	2014 (*)	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 6,075,916	\$ 5,707,518	\$ 5,162,556	\$ 4,934,403	\$ 5,357,269	\$ 5,243,100	\$ 5,308,266	\$ 5,329,285	\$ 6,336,780	\$ 6,921,961
Public safety	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	6,808,754
Highways and public works	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	4,895,812
Cultural and recreation	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	2,376,302
Interest on long term debt	481,634	453,861	419,106	322,596	197,187	137,296	140,031	108,825	52,040	35,558
Total governmental activities expenses	16,408,256	16,499,791	16,292,432	16,249,902	16,875,299	17,033,900	17,725,675	18,197,740	20,067,713	21,038,387
Business-type activities:										
Water	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	1,627,378
Reclaimed Water	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	4,741,739
Sanitation	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	2,334,610
Total business-type activities expenses	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	8,703,727
Total primary government expenses	\$ 22,657,468	\$ 23,033,887	\$ 22,669,524	\$ 22,748,898	\$ 23,960,039	\$ 24,083,962	\$ 24,787,413	\$ 25,722,062	\$ 28,054,588	\$ 29,742,114
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 4,514,537
Public safety	722,323	785,143	407,404	384,853	681,988	686,542	816,362	1,125,348	858,741	973,012
Highways and public works	675,331	640,930	317,006	236,362	984,488	235,115	1,898	26,612	3,486	13,145
Cultural and recreation	1,053,274	846,638	742,254	801,510	887,040	768,994	1,115,780	1,707,998	1,734,784	1,759,358
Operating grants and contributions	1,253,066	1,595,061	1,100,014	2,473,455	536,096	1,121,500	948,524	1,110,119	478,166	838,194
Capital grants and contributions	2,059,783	1,310,061	1,198,937	2,375,607	1,084,241	1,042,294	1,325,403	2,623,618	4,104,434	2,956,528
Total governmental activities program revenues	6,959,622	6,529,288	4,926,411	7,626,196	5,905,778	5,339,362	6,896,233	10,580,179	10,806,119	11,054,774
Business-type activities:										
Charges for services:										
Water	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	3,420,877
Reclaimed Water	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	10,894,587
Sanitation	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	2,761,741
Capital grants and contributions	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	5,311,226
Total business-type activities program revenues	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	22,388,431
Total primary government program revenues	\$ 18,337,178	\$ 17,204,687	\$ 15,604,123	\$ 19,089,631	\$ 18,429,873	\$ 18,108,134	\$ 22,820,611	\$ 30,069,780	\$ 30,925,072	\$ 33,443,205

(\*) = 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)

	2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013 (*)	2014 (*)	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>										
Governmental activities	(9,448,634)	(9,970,503)	(11,366,021)	(8,623,706)	(10,969,521)	(11,694,538)	(10,829,442)	(7,617,561)	(9,261,594)	(9,983,613)
Business-type activities	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	13,684,704
Total primary government net (expense)/revenue	<u>\$ (4,320,290)</u>	<u>\$ (5,829,200)</u>	<u>\$ (7,065,401)</u>	<u>\$ (3,659,267)</u>	<u>\$ (5,530,166)</u>	<u>\$ (5,975,828)</u>	<u>\$ (1,966,802)</u>	<u>\$ 4,347,718</u>	<u>\$ 2,870,484</u>	<u>\$ 3,701,091</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	8,705,541	8,876,092	8,459,938	8,609,294	8,863,691	8,878,092	9,519,735	9,530,731	10,072,449	10,743,680
Other taxes and licenses	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	4,570,089
Unrestricted intergovernmental revenues										
Grants and contributions not restricted to specific programs										
Unrestricted investment earnings	341,011	732,368	283,207	334,228	175,192	188,504	276,560	212,953	358,483	31,279
Gains (losses) on sale of capital assets	8,960	21,159	5,841		(161,247)	6,319	7,038	11,021	(321,300)	99,664
Transfers	1,043,759	1,078,899	1,078,899	1,078,899	1,192,248	1,122,509	1,191,003	1,209,430	14,362,581	1,696,630
Total governmental activities	<u>13,160,059</u>	<u>13,736,549</u>	<u>13,033,067</u>	<u>13,406,910</u>	<u>13,704,577</u>	<u>13,779,035</u>	<u>14,599,368</u>	<u>15,039,158</u>	<u>28,725,162</u>	<u>17,141,342</u>
Business-type activities:										
Unrestricted investment earnings	544,850	879,491	237,601	253,205	225,844	200,580	303,190	305,950	250,992	601,448
Gains (losses) on sale of capital assets										
Transfers	(1,043,759)	(1,078,899)	(1,078,899)	(1,078,899)	(1,192,248)	(1,122,509)	(1,191,003)	(1,209,430)	250,992	601,448
Total business-type activities	<u>(498,909)</u>	<u>(199,408)</u>	<u>(841,298)</u>	<u>(825,694)</u>	<u>(966,404)</u>	<u>(921,929)</u>	<u>(887,813)</u>	<u>(903,480)</u>	<u>501,984</u>	<u>1,202,896</u>
Total primary government	<u>\$ 12,661,150</u>	<u>\$ 13,537,141</u>	<u>\$ 12,191,769</u>	<u>\$ 12,581,216</u>	<u>\$ 12,738,173</u>	<u>\$ 12,857,106</u>	<u>\$ 13,711,555</u>	<u>\$ 14,135,678</u>	<u>\$ 29,227,146</u>	<u>\$ 18,344,238</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ 3,711,425	\$ 3,766,046	\$ 1,667,046	\$ 4,783,204	\$ 2,735,056	\$ 2,084,497	\$ 3,769,926	\$ 7,421,597	\$ 19,463,568	\$ 7,157,729
Business-type activities	4,629,435	3,941,895	3,459,322	4,138,745	4,472,951	4,796,781	7,974,827	11,061,799	12,634,062	14,887,600
Total primary government	<u>\$ 8,340,860</u>	<u>\$ 7,707,941</u>	<u>\$ 5,126,368</u>	<u>\$ 8,921,949</u>	<u>\$ 7,208,007</u>	<u>\$ 6,881,278</u>	<u>\$ 11,744,753</u>	<u>\$ 18,483,396</u>	<u>\$ 32,097,630</u>	<u>\$ 22,045,329</u>

(\*) = 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)**

Fiscal Year	Property Tax	Sales Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
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
2017-18	\$ 10,743,680	\$ 2,207,293	\$ 1,657,368	\$ 705,428	\$ 15,313,769

\*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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Nonspendable:										
Inventory	\$ 981	\$ 1,513	\$ 1,725	\$ 2,148	\$ 2,605	\$ 31	\$ -	\$ -	\$ -	\$ -
Prepays	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	3,833,107
Assigned:										
Capital improvements	703,570	3,808,176	3,903,600	1,307,499	1,388,966	1,405,919	1,653,761	1,922,966	2,379,282	2,738,850
Capital lease redemption				2,345,500	28,673					
Unassigned:	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	16,454,105
<b>Total General Fund</b>	<b>\$ 9,364,820</b>	<b>\$ 10,959,554</b>	<b>\$ 11,316,112</b>	<b>\$ 14,002,188</b>	<b>\$ 12,431,229</b>	<b>\$ 14,005,934</b>	<b>\$ 15,687,682</b>	<b>\$ 18,550,826</b>	<b>\$ 20,583,819</b>	<b>\$ 23,026,062</b>
<b>All Other Governmental Funds</b>										
Nonspendable:										
Prepays	\$ 50,000									
Restricted:										
Special revenue projects	414,792	\$ 272,938	\$ 277,380	\$ 326,935	\$ 369,003	\$ 431,495	\$ 365,311	\$ 253,471	\$ 229,532	\$ 301,203
Capital public safety debt service	351,930	351,934	351,934	351,934						
Special assessment debt	1,155,483	1,237,815	933,073	716,769	1,012,313	1,027,479	1,089,690	428,393	436,505	430,209
Capital improvements projects	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	7,848,917
Unassigned:	(367,622)	(321,772)	(233,732)	(77,055)	(52,119)	(175,892)	(78,409)	206,274	392,693	535,792
<b>Total all other governmental funds</b>	<b>\$ 2,649,361</b>	<b>\$ 3,100,689</b>	<b>\$ 3,592,029</b>	<b>\$ 4,504,239</b>	<b>\$ 5,270,853</b>	<b>\$ 5,803,528</b>	<b>\$ 6,463,465</b>	<b>\$ 8,616,870</b>	<b>\$ 9,519,796</b>	<b>\$ 9,116,121</b>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 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	\$ 11,269,119
Intergovernmental	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	4,982,594
Charges for services	3,094,007	3,147,491	2,439,614	2,671,750	3,125,357	2,865,780	4,455,311	6,643,875	5,595,715	6,641,692
Other revenue	1,301,071	633,495	763,997	639,519	763,273	784,006	518,641	526,185	555,802	678,683
Special assessment revenue	202,253	166,467	143,410	214,120	372,584	139,144	189,988	165,080	113,481	99,665
Interest	341,011	732,368	224,513	265,379	273,046	188,504	276,560	225,301	104,666	10,970
<b>Total Revenues</b>	<b>17,398,149</b>	<b>18,724,284</b>	<b>16,059,050</b>	<b>18,698,115</b>	<b>18,157,563</b>	<b>17,392,924</b>	<b>19,218,128</b>	<b>23,969,699</b>	<b>21,829,540</b>	<b>23,682,723</b>
<b>Expenditures:</b>										
<b>Current</b>										
General government	5,657,339	5,567,916	4,231,147	4,515,375	4,829,281	4,846,187	5,140,344	5,815,435	6,151,035	6,583,567
Public safety	4,480,215	4,743,296	4,881,746	5,118,157	5,341,068	5,577,511	5,923,789	6,048,126	6,411,094	6,418,961
Highways and public works	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	3,225,339
Cultural and recreation	1,608,878	1,588,503	1,761,595	1,585,977	1,633,007	1,658,863	1,897,091	1,976,585	2,151,157	2,181,413
Capital Outlay	1,619,862	2,331,142	1,348,256	1,408,658	2,506,693	1,472,194	2,260,920	2,578,856	2,900,722	4,805,221
<b>Debt Service</b>										
Principal	1,103,922	473,451	1,075,353	458,935	2,880,000	75,000	80,000	780,000	85,000	85,000
Interest	487,143	441,992	443,958	326,312	222,024	138,639	128,763	110,251	46,437	41,284
<b>Total Expenditures</b>	<b>17,425,425</b>	<b>17,798,099</b>	<b>16,290,051</b>	<b>16,178,728</b>	<b>20,154,156</b>	<b>16,408,053</b>	<b>18,067,446</b>	<b>20,162,581</b>	<b>20,775,549</b>	<b>23,340,785</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(27,276)</b>	<b>926,185</b>	<b>(231,001)</b>	<b>2,519,387</b>	<b>(1,996,593)</b>	<b>984,871</b>	<b>1,150,682</b>	<b>3,807,118</b>	<b>1,053,991</b>	<b>341,938</b>
<b>Other financing sources (uses):</b>										
Debt issued	380,359	40,978								
Operating transfers in	1,619,955	1,662,246	1,971,577	1,864,163	2,801,971	1,591,619	2,279,124	1,573,893	2,935,229	2,029,233
Operating transfers out	(576,196)	(583,347)	(892,678)	(785,264)	(1,609,723)	(469,110)	(1,088,121)	(364,463)	(1,053,301)	(332,603)
<b>Total other financing sources (uses)</b>	<b>1,424,118</b>	<b>1,119,877</b>	<b>1,078,899</b>	<b>1,078,899</b>	<b>1,192,248</b>	<b>1,122,509</b>	<b>1,191,003</b>	<b>1,209,430</b>	<b>1,881,928</b>	<b>1,696,630</b>
<b>Net change in fund balances</b>	<b>\$ 1,396,842</b>	<b>\$ 2,046,062</b>	<b>\$ 847,898</b>	<b>\$ 3,598,286</b>	<b>\$ (804,344)</b>	<b>\$ 2,107,380</b>	<b>\$ 2,341,685</b>	<b>\$ 5,016,548</b>	<b>\$ 2,935,919</b>	<b>\$ 2,038,568</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
	10.1%	5.9%	10.2%	5.3%	17.6%	1.4%	1.3%	5.1%	0.7%	0.7%

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
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	10,072,449	1,976,711	1,608,345	667,893	14,325,398
2017-18	\$ 10,743,680	\$ 2,207,293	\$ 1,657,368	\$ 705,428	\$ 15,313,769

\*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	\$282,546,644	16.54%	5.25	0.005253030
2018	\$3,073,065,742	\$768,424,824	\$2,304,640,918	\$504,207,161	28.00%	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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City of Post Falls - Operating	4.83	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	0.00	0.11	0.13	0.12	0.11	0.10
Total Direct Rate	4.83	5.25	5.59	5.45	5.55	5.79	6.00	5.71	5.21	4.96	4.56
North Idaho College	0.89	0.98	1.04	1.10	1.12	1.20	1.22	1.11	1.00	0.83	0.73
Kootenai County	2.74	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	0.00
Kootenai Ambulance District	0.15	0.16	0.17	0.17	0.17	0.18	0.18	0.16	0.15	0.13	0.11
Community Library Network	0.36	0.35	0.40	0.40	0.41	0.42	0.41	0.36	0.31	0.2	0.17
School District #273	2.08	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	0.51	0.57	0.61	0.65	0.67	0.69	0.68	0.50	0.45	0.38	0.31
Kootenai Fire & Rescue	<u>1.88</u>	<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	13.44	14.62	15.46	15.70	16.21	16.96	17.10	15.88	14.50	13.04	11.78
% CHANGE FOR TOTAL	-8.10%	-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, 2018**

<u>Taxpayer</u>	<u>Type Of Business</u>	<b>2018</b>	
		<u>Property Assessed Valuation</u>	<u>Percentatge of Total Assessed Valuation</u>
North Idaho Surgical Hospital Bldg, LLC	Medical	\$28,893,383	1.06%
Avista Corporation	Utilities	\$26,455,366	0.97%
Biopol Laboraory Inc	Pharmaceutical Company	\$24,905,797	0.91%
Buck Knives	Manufacturing- Retail	\$17,852,184	0.66%
Fieldstone Apartments, LLC	Multi-Family Housing	\$15,633,776	0.57%
OG Post Falls ID Landlord, LLC	Land Developer	\$14,810,473	0.54%
Jacklin Land Company LP	Land Developer	\$13,469,163	0.49%
ALK Abello Source Materials, Inc	Pharmaceutical Company	\$11,571,732	0.42%
Kootenai Medical Center Foundation	Medical	\$10,937,697	0.40%
Wal-Mart Real Estate Business	Retail	\$8,807,135	0.32%
Subtotal - Ten Of City's Largest Taxpayers		\$ 164,529,571	6.0%
All Other Taxpayers		2,558,638,109	94.0%
Total City Taxpayers		<u>\$ 2,723,167,680</u>	<u>100.00%</u>

<u>Taxpayer</u>	<u>Type Of Business</u>	<b>2009</b>	
		<u>Property Assessed Valuation</u>	<u>Percentatge of Total Assessed Valuation</u>
Post Falls Retirement Real Estate Investors LLC	Retirement Facility	\$33,374,204	1.30%
North Idaho Surgical Hospital Bldg LLC	Medical	\$16,656,609	0.65%
Kimball International Mkt, Inc.	Manufacturing-Furniture	\$14,378,962	0.56%
Sysco Food Services Inc.	Food Distribution Center	\$13,400,344	0.52%
Biopol Laboratory Inc.	Research & Development	\$12,858,999	0.50%
Cabelas Retail Inc.	Retail	\$12,853,128	0.50%
Pointe LLC (The)	Commercial Developer	\$12,019,226	0.47%
Puryear Family LPT	Homeowner	\$11,430,100	0.45%
Wal-Mart Real Estate Business	Retail	\$11,191,412	0.44%
Health Care Riet Inc.	Medical	\$10,465,838	0.41%
Subtotal - Ten Of City's Largest Taxpayers		\$148,628,822	6.24%
All Other Taxpayers		2,232,512,703	93.76%
Total City Taxpayers		<u>\$ 2,381,141,525</u>	<u>100.00%</u>

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
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%	\$104,420	\$9,304,925	100.00%
2017	\$10,071,262	\$9,998,871	99.28%	\$72,391	\$10,071,262	100.00%
2018	\$10,408,290	\$10,375,578	99.69%	\$0	\$10,375,578	99.69%

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 <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water Bonds	Reclaimed Water Bonds			
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%	485.67
2017-18	\$	\$ 1,285,000	\$	\$ 1,270,000	\$ 12,016,481	\$ 14,571,481	1.15%	437.71

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

<sup>1</sup>See 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
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%	-
2017-18	33,290	\$ 2,685,861,331	\$ -	\$ 267,948	\$ (267,948)	-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, 2018**

Governmental Unit	Bond Debt	Government's Net Market Value	Percentage Applicable to City	City Share of Debt
City of Post Falls	\$ 2,885,000	1,990,878,568	100.0%	<u>\$ 2,885,000</u>
Kootenai County	-	15,340,157,680		-
School District #273	17,415,000	2,723,231,961	73.1%	12,731,618
Post Falls Highway District	-	4,820,007,114	41.3%	-
Kootenai County Fire & Rescue	-	3,978,197,252	50.0%	-
Subtotal of overlapping debt				<u>\$ 12,731,618</u>
Total direct and overlapping debt				<u>\$ 15,616,618</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 60,143,705
Total net debt applicable to limit	685,000	525,000	360,000	185,000	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 60,143,705</u>
Total net debt applicable to the limit as a percentage of debt limit	1.32%	1.10%	0.79%	1.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2018**

Assessed value	\$ 2,238,760,429
Add back: exempt real property	<u>\$ 768,424,824</u>
Total assessed value	\$ 3,007,185,253
Debt limit* (2% of total assessed value)	60,143,705
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Legal debt margin	<u><u>\$ 60,143,705</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	
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
2018	\$ 11,307,876	\$ 2,887,087	\$ 8,420,789	\$ 659,351	\$ 259,296	\$ 918,647	9.17

- (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	
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
2018	\$ 3,600,117	\$ 1,038,357	\$ 2,561,760	\$ 180,000	\$ 39,925	\$ 219,925	11.65

- (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	
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 <sup>1</sup>
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
2018	\$ 124,899	\$ 90,000	\$ 64,190	\$ 154,190	0.81

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

<sup>1</sup> 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 <sup>1</sup>	Personal Income (amounts expressed in thousands)	Per Capita Personal Income <sup>2</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
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%
2018	33,290	\$1,405,637	\$42,224	6,080	2.80%

## Data Sources

<sup>1</sup> U.S. Census Bureau<sup>2</sup> Bureau of Economic Analysis<sup>3</sup> School District website- enrollment history chart<sup>4</sup> Department of Labor

Table # 19

**City of Post Falls  
Principal Employers  
Q2 2018**

Employer <sup>(1)</sup>	Type of Business	2018	
		Range of Employees	Percentage of Total City Employment
1 Qualfon (formerly Center Partners)	Call Center	700 - 799	4.6% - 5.2%
2 Post Falls School District	Public Education	700 - 799	4.6% - 5.2%
3 Wal-Mart Supercenter	Department Store; Retail Groceries	500 - 599	3.3% - 3.9%
4 Buck Knives, Inc.	Manufacturing	300 - 399	2.0% - 2.6%
5 City of Post Falls	Government	200 - 299	1.3% - 2.0%
6 All Wall Contracting	Building Construction	150 - 199	1.0% - 1.3%
7 Knudtsen Chevrolet	New Car Dealership	100 - 149	0.7% - 1.0%
8 MOR Manufacturing	Electronic Assembly Manufacturing	50 - 99	0.3% - 0.6%
9 Red Lion Hotels	Hotel	50 - 99	0.3% - 0.6%
10 Guardian Angel Homes	Assisted Living Facility	50 - 99	0.3% - 0.6%
Estimated number of employees in Post Falls		15,327	

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

\* Preliminary 3rd quarter 2018 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	49.40	41.50	44.80	43.21	42.25	41.50	41.10	40.10	44.10	45.10
Public safety	64.09	65.39	66.70	67.12	67.71	70.10	72.30	73.28	76.28	79.28
Highways and public works	17.42	17.06	17.10	17.04	17.03	17.00	17.00	19.03	19.03	19.03
Cultural and Recreation	32.95	32.17	35.30	35.28	38.27	38.30	37.30	37.32	39.32	40.32
Water	6.60	6.60	6.40	6.83	6.75	6.80	7.00	6.75	6.75	6.75
Reclaimed Water	13.03	13.03	13.30	14.65	13.59	13.60	14.30	13.59	13.59	13.59
<b>Total</b>	<b>183.49</b>	<b>175.75</b>	<b>183.60</b>	<b>184.13</b>	<b>185.60</b>	<b>187.30</b>	<b>189.00</b>	<b>190.07</b>	<b>199.08</b>	<b>204.08</b>

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.

Table #21

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police</b>										
Calls for service	28,840	30,467	30,156	31,543	29,722	30,959	33,061	36,659	43,323	40,870
Burglary	106	107	128	185	88	125	99	128	92	77
Phone harassment	39	38	25	9	11	11	18	9	11	3
Motor vehicle theft	31	24	25	42	50	57	25	45	41	30
<b>Highways and streets</b>										
Street resurfacing - paving (miles)	1.00	2.40	2.02	3.08	2.44	2.84	2.38	2.07	1.58	1.12
Street resurfacing - chip seal (miles)	8.62	6.93	9.43	11.26	11.07	11.55	13.24	9.13	4.50	4.29
<b>Culture and recreation</b>										
Sports leagues programs enrollment	5,566	5,459	5,093	4,825	5,251	5,388	6,016	5,716	5,000	5,135
Special interest programs enrollment	2,190	1,654	2,257	1,646	1,425	1,978	2,003	2,742	1,885	2,964
<b>Water</b>										
New connections	47	9	41	15	36	13	45	53	72	120
Average daily consumption (thousands of gallons)	4,518	4,190	4,050	4,200	4,300	4,365	4,695	4,798	4,542	5,181
<b>Reclaimed Water</b>										
Average daily sewage treatment (millions of gallons)	2.5	2.4	2.4	2.5	2.5	2.5	2.6	2.6	2.7	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Units	54	58	60	66	70	74	69	76	80	80
<b>Highways and streets</b>										
Streets (miles)	153.05	153.05	154.69	156	156.59	157.79	159.24	168.35	171.17	172.07
<b>Culture and recreation</b>										
Park acreage	437.4	437.4	438.8	442.7	442.7	456	464.54	464.54	635.06	882.6
Parks	23	23	24	27	27	27	28	28	29	29
Sports Fields	6	7	7	15*	15	15	15	15	15	15
Tennis/Pickle Ball Courts	5	3	3	5	8	8	8	8	11	11
<b>Water</b>										
Water mains (miles)	115	116	116	116.67	116.84	116.85	126.44	118.07	118.82	119.43
Fire hydrants	865	858	879	901	913	918	918	942	940	954
Maximum daily capacity (millions of gallons)	16.99	16.99	16.99	16.99	18.54	18.54	18.54	18.54	18.54	18.54
<b>Reclaimed Water</b>										
Sanitary sewer (miles)	159	160	160	163.30	163.90	164.46	166.02	169.71	174.71	177.92
Surface water (miles)	1.53	4.60	4.60	4.89	4.89	4.89	4.94	4.94	4.94	4.94
Maximum daily treatment capacity (millions of gallons)	3.48	4.10	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, 2018**

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

Total Revenue	\$3,338,658
Estimated number of active customers	7,398
Total water produced (gallons)	1,891,028,750

**Schedule of Water Rates**

Monthly Base Fee (by meter size)

1" or less	\$10.71	1½"	\$ 17.94
2"	26.68	3"	47.14
4"	76.16	6"	148.94

Metered water usage: \$1.17 per 1,000 gallons for 0 – 49,000 gallons  
 \$1.68 per gallon for 50,000+ gallons

*Source: City of Post Falls*

**City of Post Falls  
Statistical Information  
Reclaimed Water Fund  
September 30, 2018**

**Schedule of Treatment Volume**

Average Volume	2.71 million gallons per day
Total Volume	989,803,000 gallons
Active number of customers	11,221

**Schedule of Monthly Reclaimed Water Rates**

The residential rate is \$49.64 for 94% of the City's customers.

The non-residential rate per customer is \$49.64 + \$9.94 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, 2018**

<u>Customer</u>	<u>Amount</u>	<u>Percentage of Total Revenue</u>
1 Lucky Pines Estates	\$ 46,238	1.38%
2 Post Falls School District	\$ 45,321	1.36%
3 Real Life Post Falls, LLC	\$ 24,905	0.75%
4 Coeur d'Alene RV Resort	\$ 24,732	0.74%
5 Century Park & Associates	\$ 18,480	0.55%
6 Northwest Specialty Hospital	\$ 7,186	0.22%
7 Falls Park Apartments	\$ 7,084	0.21%
8 Centennial Trail Homes	\$ 6,117	0.18%
9 St Vincent DePaul	\$ 5,966	0.18%
10 Kootenai Medical	\$ 5,452	0.16%

Table # 26

**City of Post Falls**  
**Ten Largest Reclaimed Water Customers**  
**For the Year Ended September 30, 2018**

<u>Customer</u>	<u>Amount</u>	<u>Percentage of Total Revenue</u>
1 Camelot Estates	\$ 114,966	1.22%
2 Coeur d'Alene RV Resort	\$ 111,188	1.18%
3 Tullamore Commons, Senior II	\$ 76,393	0.81%
4 Century Park & Associates	\$ 71,955	0.76%
5 Montrose Properties & Seniors	\$ 71,482	0.76%
6 Flying J, Inc.	\$ 64,986	0.69%
7 Post Falls School District	\$ 64,865	0.69%
8 Lucky Pines Estates	\$ 63,142	0.67%
9 Centennial Trail Apartments	\$ 51,228	0.54%
10 Northwest Specialty Hospital	\$ 40,982	0.44%

Table # 27

**City of Post Falls  
Insurance Schedule  
September 30, 2018**

The City is insured through the Idaho Counties Reciprocal Management Program (ICRMP), Policy No. 37A02152100117. 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



*A productive use of park land is the Community Garden, where novice gardeners learn to grow crops and local organizations like the Post Falls Food Bank benefit from the harvest.*



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, 2018, 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 April 25, 2019.

**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.  
April 25, 2019



**City of Post Falls**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended September 30, 2018**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>2018 Federal Expenditures</u>
<u>Department of Commerce:</u>			
Passed through State of Idaho Department of Commerce:			
Community Development Block Grant	14.228	826000245 00	2,250
Total Department of Commerce			<u>2,250</u>
<u>Department of Justice:</u>			
Passed through State of Idaho State Police:			
Crime Victim Assistance	16.575	826000245 00	14,781
Violence Against Women Formula Grants	16.588	826000245 00	85,124
Total Department of Justice			<u>99,905</u>
<u>Department of Transportation:</u>			
Passed through State of Idaho Department of Transportation:			
State and Community Highway Safety	20.600	826000245 00	-
	20.608	826000245 00	750
National Priority Safety Programs	20.616	826000245 00	-
Total Department of Transportation			<u>750</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	-
Total Environment Protection Agency			<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 102,905</u></u>

## City of Post Falls

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended September 30, 2018

#### **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, 2018. 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.



*A young fisherman at the Fishing Derby at Falls Park*

**City of Post Falls**  
**408 N. Spokane St.**  
**Post Falls, ID 83854**  
**(208)773-3511**  
**[www.postfallsidaho.org](http://www.postfallsidaho.org)**