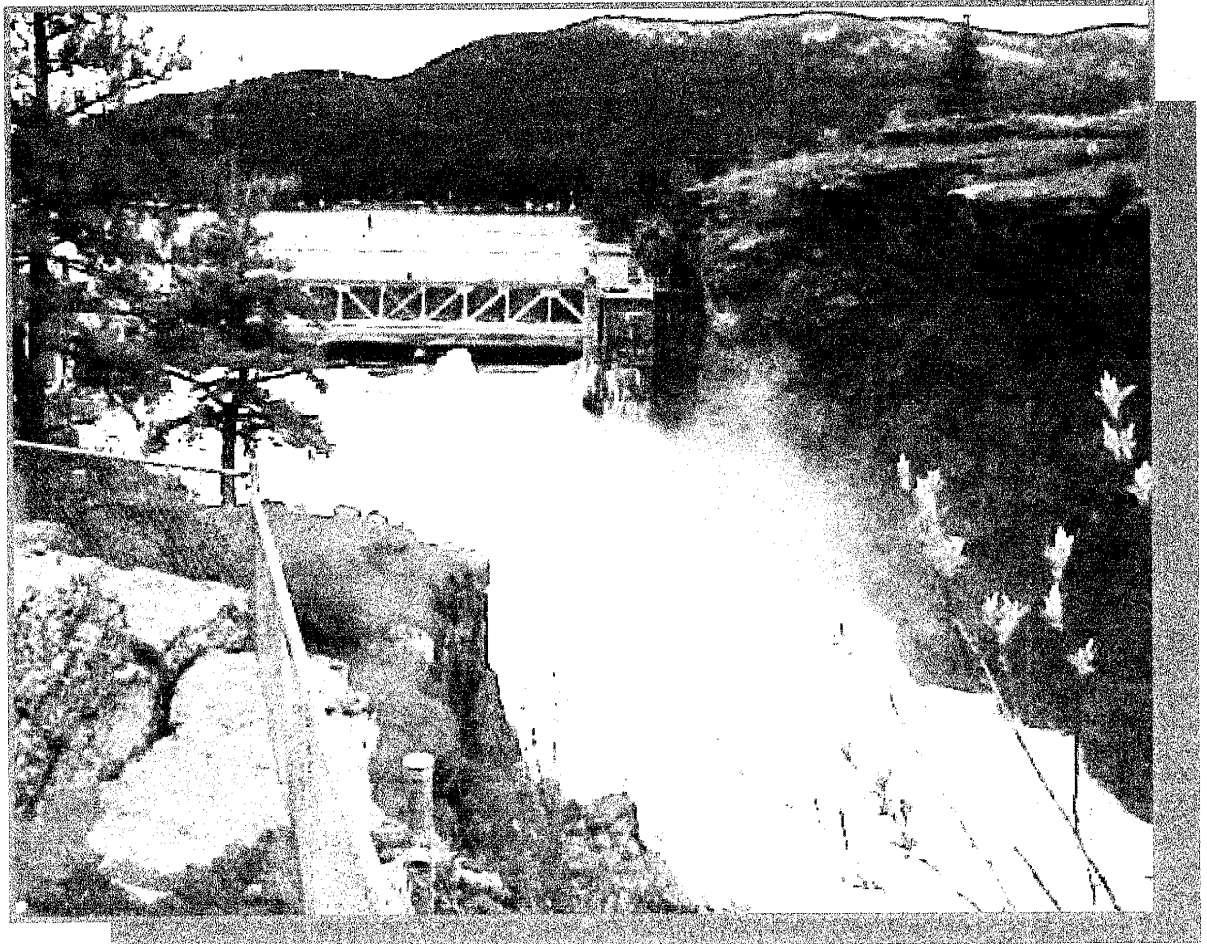


# CITY OF POST FALLS, IDAHO

*"Idaho's River City"*

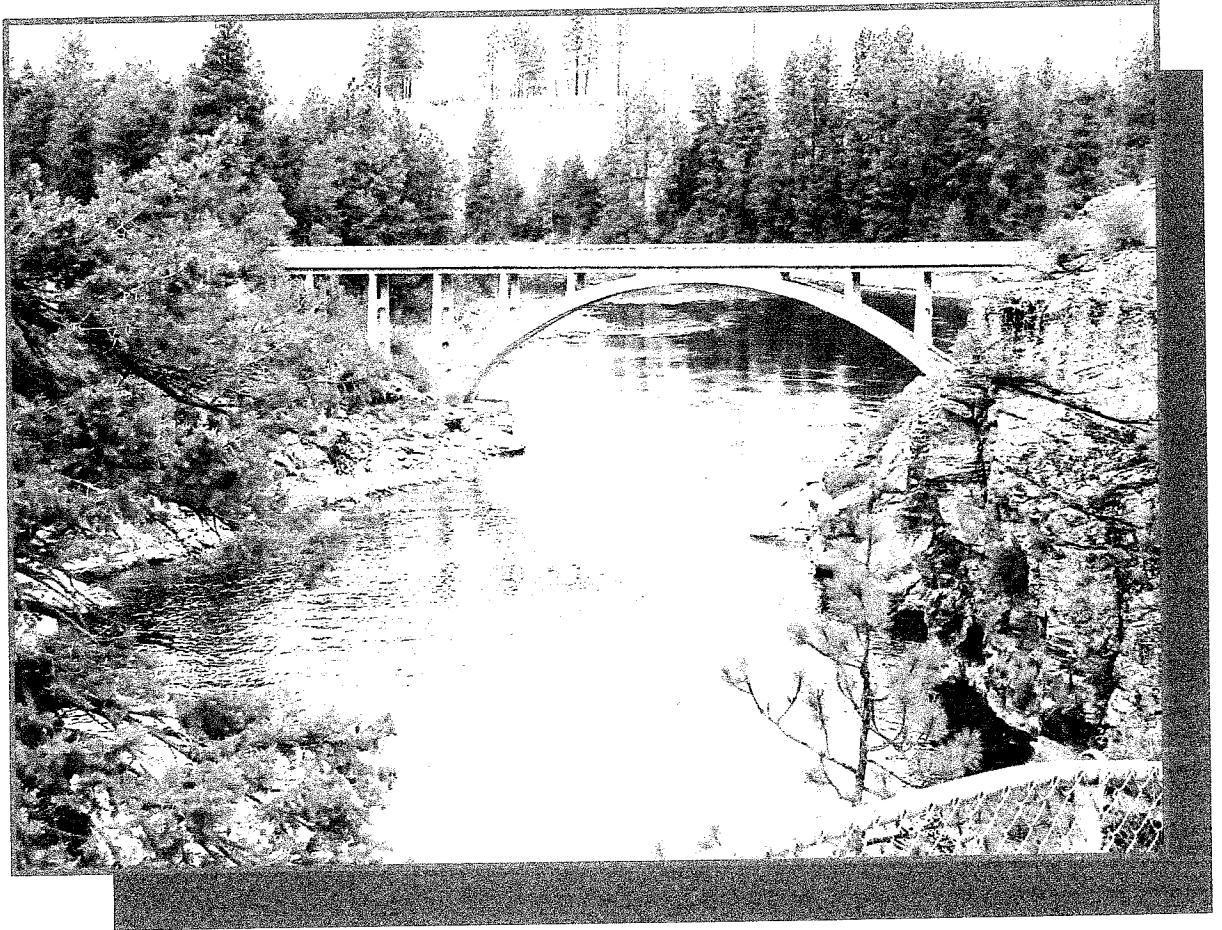


COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended September 30, 2003

# CITY OF POST FALLS, IDAHO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2003



Compiled By:  
Shelly Enderud  
City Finance Director/Treasurer

ABOVE: The Avista Bridge spans the Spokane River north of the historical falls, Avista Dam and Falls Park, while commercial and residential growth stretch towards the Prairie.

COVER: The Falls at the Avista Dam on the Spokane River are a majestic site in the spring.



**City of Post Falls, Idaho  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2003**

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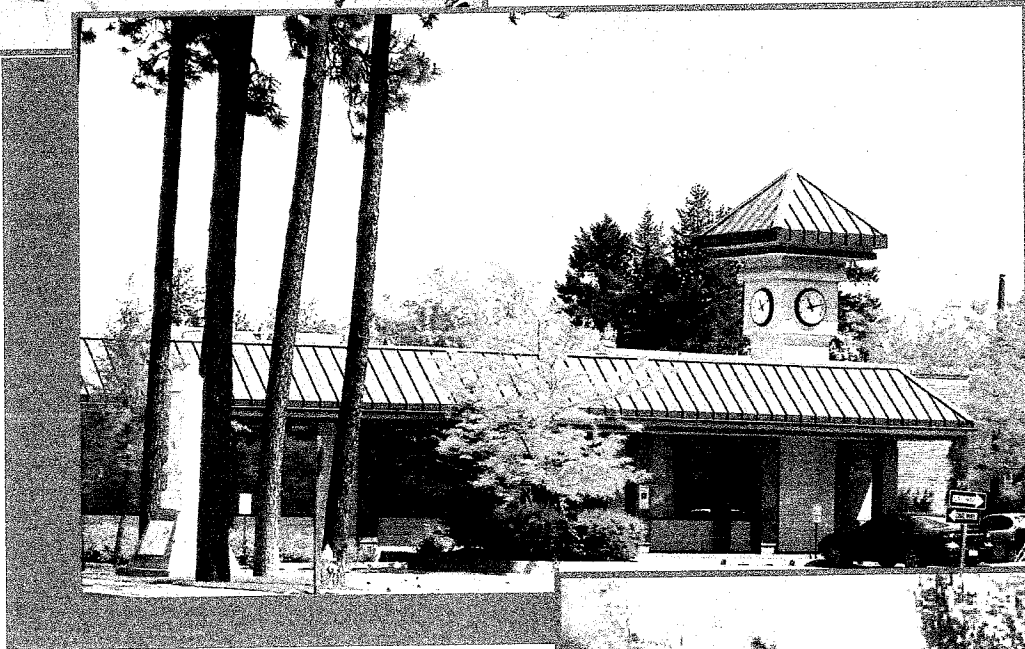
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# CITY OF POST FALLS, IDAHO

## *Introductory Section*



ABOVE: A wide range of community events, from Post Falls Days to an old fashioned community picnic bring the community together.







March 26, 2004

To 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, 2003, 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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section, which is unaudited, includes this letter of transmittal; an organizational chart and a list of the City of Post Falls' principal elected and appointed officials. The financial section includes the Management's Discussion and Analysis, the financial statements and schedules, and the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographics information, generally presented on a multi-year basis.

The City of Post Falls is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1997, and the U.S. Office of Management and Budget's Circular A-133, *Audits of State, Local Governments, Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards and the independent auditors' reports on internal controls, and compliance with applicable laws and regulations are included in the single audit section of this report.

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

### **Governmental Structure**

The financial reporting entity, an Idaho municipality, includes all the funds of the City of Post Falls, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police, water, wastewater and sanitation utilities, parks and recreation

programs, planning and zoning, library services, 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 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 five directors, 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 discreetly 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**

Post Falls is located four miles east of the Washington-Idaho border along Interstate 90 in Kootenai County and is bounded by Coeur d'Alene, Idaho to the east, the State of Washington to the west, the Spokane River to the south and the Rathdrum prairie to the north. Post Falls is 20 miles east of Spokane, Washington and approximately 100 miles south of the Canadian border.

The City of Post Falls has grown from 7,350 residents in 1990 to an estimated 19,500 in 2003. This influx of new residents has resulted in a strong construction industry, with total building permit valuations in the City exceeding \$33,000,000 for the past six years. Residential and commercial construction activity had a significant spike in FY 02 and FY 03. It is expected to continue at these higher levels for FY 04.

Due to the proximity of numerous lakes, rivers and mountains, Post Falls, Idaho is an inviting place to live and visit. This fact is reflected in the tourism and retail sectors of the economy, with an increasing number of retail, dining and entertainment businesses locating in the City. Additionally, Post Falls has become a favored retirement community.

Kootenai County traditionally has had a timber-based economy. That is changing gradually, as the manufacturing base has become more diverse. Jobs Plus, Inc., the local economic development organization has recruited several small to medium sized firms to the County. Manufacturing jobs are found primarily in electronics, lumber and furniture at the present. Post Falls was the chosen location for Flexcel, Inc., a major furniture manufacturer that relocated to North Idaho nine years ago and employs a workforce of 350. This was done with the help of Jobs Plus, Inc. and by creating an Urban Renewal District to help build infrastructure. This District closed out at the end of December 2001. Jobs Plus, Inc. has also just recently helped bring Center Partners, a call center business (employing a workforce of 300), to the City and has received a commitment from Buck Knives to bring their manufacturing headquarters (projected workforce of 250) to the City. Also, Wal-Mart opened its new store in January of 2002, employing a workforce of 300 and construction of a private surgical hospital was completed in 2003. Last, Sysco has committed to moving their distribution plant to the City of Post Falls. This project was made possible by Jobs Plus, Urban Renewal, and the City working together. Also, a community

development block grant for \$500,000 will be used to help fund a water tower (approximately \$1,500,000) that was needed on the west side of town for development in that area.

### **Major Initiatives**

Growth Management – The City developed a Strategic Plan for the City during FY 2001. This plan is used to guide the council decisions for the future in planning, budgeting, and gives an overall vision/mission for the City to follow.

Planning will continue to work on new and innovative ideas in the subdivision and zoning regulations of the City throughout the next fiscal year. Staff will concentrate on developing the draft documents in conjunction with the Planning and Zoning Commission and will hold workshops with citizens, special interest groups, and the City Council before the public hearing process begins. The Comprehensive Plan, which helps set the stage for the implementation of growth management techniques, will also be reevaluated during the course of the year.

The department will also conduct a study of the City Center District that will help guide future land choices, economic development, and urban design 'look and feel' of the Historic City Center. A key part of the study is to establish a community-based vision for what the future of the City Center should be. This information will be used by both the City and the Urban Renewal Agency, in their downtown district, to make future decisions about the City Center.

Public Health/Environment - The goal of effective and timely maintenance and repair of facilities and equipment is one of our highest priorities. Equally important is the effort to assure that the infrastructure constructed 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 been improving dust control by reducing the use of sand and salt for ice control in favor of the use of magnesium chloride. This should also reduce time and costs in spring clean up. A program has been initiated for bi-monthly sweeping citywide through the summer months to further improve dust control.

A greater effort will be directed to 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.

The Fleet Maintenance Division will be focusing on technology aspects for the repair and maintenance of the larger, more mechanically complex vehicles that the City has acquired in the last couple years. Shop safety will also be a priority.

The Water Utility Division has instituted a cross connection inspection program to locate and eliminate cross connection with contaminated water or sewage. A number of new water mains and loops have been installed to improve fire flow and fire protection in large areas of the City.

A continuing program to replace water meter box lids with a sensor lid to enable reading water meters has improved the accuracy of the readings and reduced the labor time of the readers. A new SCADA control system has been installed to provide automated control of water pumps, tanks and valves. They will provide better control, reduce labor and call-out time, maximize available resources, and reduce pumping costs.

The Wastewater Treatment Plant has modified operating procedures to improve the quality of effluent being discharged into the river. Odor at the Wastewater Treatment Plant has been a very undesirable environmental problem. While not yet contained, a major effort was completed to expedite removal and disposal of sludge to eliminate a primary source. The Wastewater Treatment Plant has currently contracted with EKO Systems to haul the sludge to a processing plant weekly rather than storing the sludge long-term at the plant site.

Other Community Services - The Parks and Recreation Department continues to upgrade its parks and facilities. Repairs and standardization of infrastructure to increase system efficiency, lower cost, reduce liability, and improve aesthetics are paramount goals. This includes irrigation, shelters, restrooms, equipment, sponsorships, pathways, lighting, flower beds, signage and playground equipment. In addition, 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 greater need for planning and a requirement to coordinate its operations with a greater number of partners than in past years. The increased number of special events is another that has an impact upon the staff in both parks and recreation divisions.

With large numbers of City owned trees and the City being designated as a "Tree City USA" recipient from the Association of Idaho Cities, the Urban Forestry division continues its growth. Urban Forestry projects over the next year include removal of hazard trees to reduce liability, the planting of street trees along the freeway open space, continued inventory and evaluation of the City's trees, and the development of a management plan to insure good decision making when dealing with our open spaces. During FY 2001, a tree trust account was set up to help with the planting of new trees in the City. This account is funded through donations. This department has been very successful in receiving tree planting and maintenance grants over the past several years.

Privatization/Centralization - The Mayor and City Council have set a goal of evaluating the privatization of those activities that might be done for less cost through a contractual arrangement. In addition, some services may be more cost-effectively applied through using the services of other public agencies. The key is to maintain the quality of service, as well as the management control of the service, while at the same time reducing costs. The City has been very successful in accomplishing these goals in the areas of garbage hauling, utility bill printing, street light maintenance, and legal services.

The City has also pursued the goal of reducing costs through the centralization of office supply purchasing. This has provided larger volume discounts for all City offices in their supply purchases.

Additionally, the City no longer provides on-site gasoline service. By contracting with a local distribution firm, we have reduced fuel costs to approximately wholesale costs and no longer have the expenses associated with maintaining storage and dispensing equipment. In addition, it will provide for a card-lock system that assists departments in better fuel management and data acquisition.

### **Departmental Highlights of FY 2003**

#### **Police**

- Aggressively sought state and federal public safety (including domestic violence) grant funds to supplement the department budget and permit equipment purchases without impact to City funds. This year's grants totaled \$239,794.
- Construction of a new police facility was completed in June 2003. The operation had been contained in three separate buildings. Certificates of Participation were used to finance this project.
- The department also completed construction of a wireless computer communications system that will lead to better communications between the patrol officers and the dispatch. Other departments are also taking advantage of this system, saving them money on monthly frame relay fees.
- Developed a volunteer program.
- Secured agreement with the County to provide redundancy of 911 services.

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

- Received two Land and Water Conservation Fund Grants totaling \$260,000 for Chase Sports Field. Construction is currently underway.
- Acceptance of Beck Park with first phase completed and turf installed; park to open late 2004.
- Improvements to Black Bay include bank stabilization, construction of northern section, clean up, and turf installation.

### **Public Works, Building and Planning**

- Completed Phase Two of the Rathdrum Prairie Greenspace Plan.
- Coordinated the agreement and grant for Mullan Ave. improvements. Selected for funding in 2006 at an estimated cost of \$1,407,388.
- Completed and presented for adoption the Highway 41 Corridor Study.
- Formed a Citizen's Task Force to guide updating the Comprehensive Plan.
- Assisted in development of weed ordinance and storm water management plan.
- Completion of standpipe at Spokane Street and Idaho, improving pressure and fire flows in north Post Falls.
- Laid 4,156 tons of asphalt and chip sealed 5.02 miles of streets.
- Implemented a new utility ordinance to streamline procedures and update antiquated processes.

### **Administration**

- Completed implementation of a new Performance Evaluation System.
- Cash Handling Policy certified by Association of Public Treasurers.
- Debt Policy was the third policy in the nation to be certified by the Association of Public Treasurers.
- Held community focus group meetings and gathered public surveys in conjunction with cable franchise negotiations.
- Established auto debit payment for utility bills, saving time for staff/customers.

### **Financial Information – Internal Control Structure and Budgetary Controls**

The City's general government operations are maintained on a modified accrual basis of accounting. This means that revenues are recorded when they are measurable and they are available to finance expenditures of the current period. Expenditures are recorded when the goods or services received and the liabilities are incurred. The City's proprietary funds and agency funds are maintained on a full accrual accounting basis. This means that revenues and expenses are recorded essentially in the same manner as in commercial accounting.

In recording the financial transactions for the City, and in developing this financial report, consideration is given to the adequacy of internal accounting controls. The controls are designed to provide reasonable, but not absolute, assurance the transactions are recorded correctly, and the financial reports, supporting documents, and statistical tables are reliable. This concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived from the control. All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City budget which allocates the City's resources to a wide variety of programs that continue to enhance the quality of life in Post Falls is an important planning tool for the City. This is the first year the City has prepared a two-year budget.

The budget was developed through the combined efforts of the City's departments, commissions and boards, and by the extensive efforts of the City Council and Mayor. Each department spent a substantial amount of time in analyzing and evaluating its needs and desires. All were striving to produce a meaningful spending plan. The final draft of the budget was developed in an open process to encourage community involvement in setting priorities and making choices for the new year. Public comments were taken throughout the process and a public hearing was held. These sessions provided very intense public review and discussion of the proposed budget. This open budget process insured that the budget program choices reflect the highest community priorities with maximum citizen participation.

The City of Post Falls budgets its funds in accordance with the Revised Code of Idaho. Legal budgetary control is established at the fund level, i.e. expenditures for a fund may not exceed the total appropriation amount. The City Administrator may authorize transfers of appropriations within a fund, but the City Council must approve by ordinance any increase in total fund appropriations. Any unexpended appropriation balances for annually budgeted funds lapse at the end of the year. Appropriations for major capital improvements that are non-operating in nature are not carried forward from year to year, but are reappropriated in the next fiscal year.

Obligations under capital leases are budgeted in each of the respective funds on a fiscal year basis. Each capital lease agreement has a non-appropriation 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 has not been amended. The original and amended budgets are 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 the fund balance at the end of each fiscal year.

Governmental funds utilize the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting.

The activities of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The various funds are grouped by type in the City's budget and financial statements. The following fund types are used by the City.

Governmental Funds are those through which most governmental functions of the City are financed.

- ⇒ General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund had not been established.
- ⇒ Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- ⇒ Debt Service Funds - These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds.

Proprietary Funds are used to account for the City's on-going organizations and activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income. The City's Proprietary Fund types are:

- ⇒ Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges. The City uses these funds to account for its water, wastewater treatment, and sanitation collection operations.

**Cash Management** - The City's investment policy is focused on (1) the preservation of capital, (2) liquidity, (3) and return on investment (in that order). Preservation of principle is the foremost objective of the City's policy. Next, the City's investment portfolio seeks to maintain adequate liquidity to meet each funds cash flow needs. Finally, rate or return shall be the decisive factor only when selecting between two or more equally riskless investments. The investment return objective for the City of Post Falls is to equal or exceed the three month U. S. Treasury Bill rate or the average rate of Fed Funds, whichever is higher. These indicators are considered benchmarks for riskless investment transactions and are the minimum standard for the City's portfolio rate of return.

The City's investment portfolio consists of funds deposited in an interest bearing checking account, investments in certificates of deposit, treasury bills, and the State Treasurer's Investment Pool.

The City's deposits with the State Treasurer's Investment Pool are managed in a manner similar to the City's own investment policy with investment decisions made in light of safety, liquidity and yield (in that order).

The City's investments are made by the City's Treasurer with the concurrence of the City Administrator and the City's Financial Advisor. The City's investments are handled in compliance with Idaho State Law and the more restrictive guidelines of our investment policy.

**Risk Management** - The City of Post Falls maintains self-insurance through the Idaho Counties Reciprocal Management Program (ICRMP). ICRMP is an insurance pool that serves all public entities in Idaho through provision of property, general liability, auto liability, physical damage, and public officials' insurance. ICRMP provides loss prevention training to enable its subscribers to minimize their exposure to loss through implementation of proper policies and procedures.

**Debt Administration:** - At September 30, 2003, the City of Post Falls had the following bonded debt issues outstanding:

General Obligation Bonds:	\$1,490,000
Sewer Revenue Bonds:	2,408,979
Special Assessment Bonds:	<u>485,001</u>
	<u>\$4,383,980</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 \$20,148,990 on September 30, 2003. The City's general obligation bond above is subject to this limit. Therefore, \$18,658,990 is available for future general obligation indebtedness.

**Other Information** - Idaho State statutes require an annual audit by independent auditors. The accounting firm of Magnuson, McHugh, & Company, P.A. was selected to perform the audit with the approval of the City Council. In addition to meeting requirements set forth in the Idaho statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1997



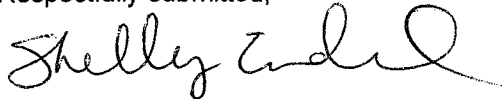
and related OMB Circular A-133. The auditor's report on the basic financial statements and combining and individual fund statements, schedules, and the single audit are included in the financial and single audit section of this report.

**Certificate of Achievement** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Post Falls, Idaho for its comprehensive annual financial report for the fiscal year ended September 30, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements** - I would like to thank the entire staff of the Finance Office for their dedicated services in assisting and contributing to the preparation of this report. Due credit should also be given to City Administrator James Hammond for his leadership and guidance in the daily operations of the City; and to Mayor Clay Larkin and the City Council for their interest and support in conducting the operations of the City in an efficient and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Shelly Enderud". The signature is written in black ink and is positioned above the printed name and title.

Shelly Enderud  
Finance Director

# 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, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**CITY OF POST FALLS, IDAHO**

**Listing of City Officials  
As of September 30, 2003**

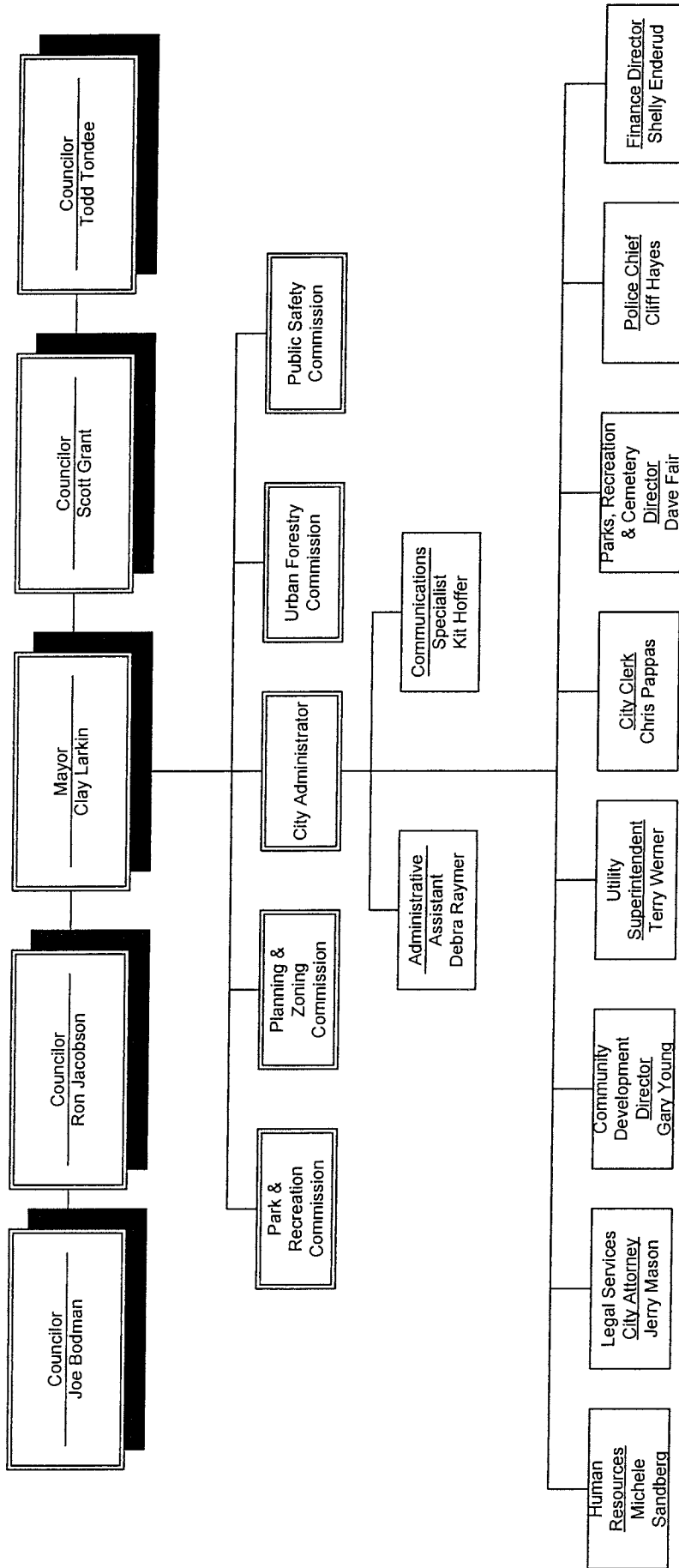
**ELECTED OFFICIALS**

<b><u>NAME</u></b>	<b><u>OFFICE</u></b>	<b><u>OCCUPATION</u></b>	<b><u>TERM EXPIRES</u></b>
Clay Larkin	Mayor	Retired	2004
Scott Grant	Council President	Supervisor Probation/Parole Office	2005
Joe Bodman	Council Member	Spokane Deputy Sheriff	2004
Todd Tondee	Council Member	Owner – Big Cheese Pizza	2005
Ron Jacobson	Council Member	Senior VP – Inland Northwest Bank	2004

**APPOINTED OFFICIALS**

<b><u>NAME</u></b>	<b><u>OFFICE</u></b>
James C. Hammond	City Administrator
Shelly Enderud	Finance Director/Treasurer
Cliff Hayes	Chief of Police
David Fair	Parks & Recreation Director
Gary Young	Community Development Director
Christene Pappas	City Clerk

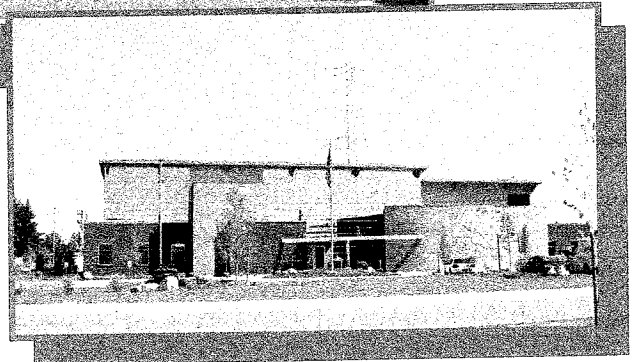
# City of Post Falls Organizational Chart



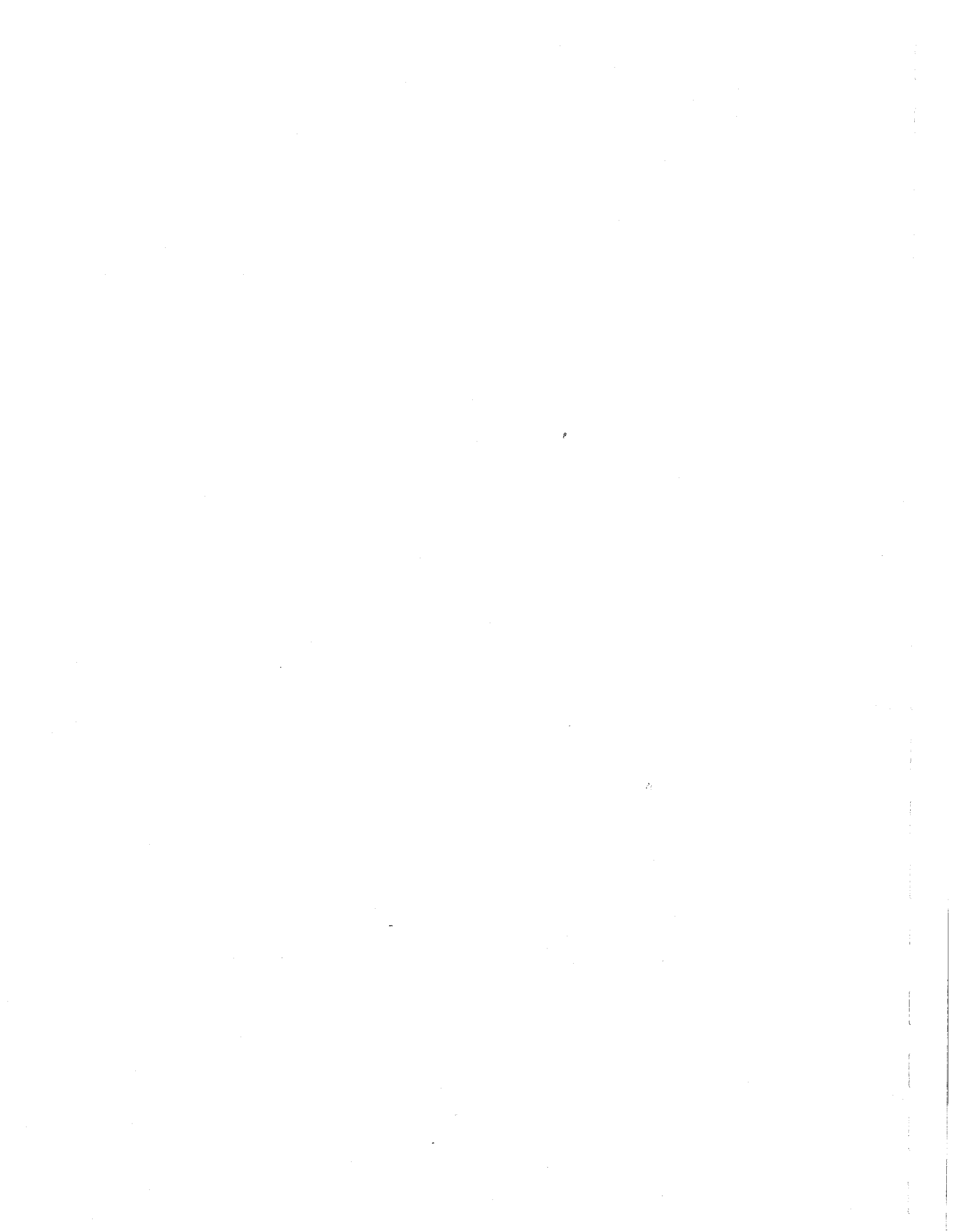


# CITY OF POST FALLS, IDAHO

## *Financial Section*



ABOVE: City of Post Falls construction projects include the wastewater facility, the public library and the police department.





# Magnuson, McHugh & Company, P.A.

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Mayor and City Council  
City of Post Falls  
Post Falls, ID 83854

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, Idaho as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Post Falls, Idaho's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, Idaho as of September 30, 2003, and the respective changes in changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the Notes to Financial Statements, the City of Post Falls, Idaho has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statements No. 33 and 34, as of September 30, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2004 on our consideration of the City of Post Falls, Idaho's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



## INDEPENDENT AUDITORS' REPORT (Concluded)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Post Falls, Idaho basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical tables, and other financial statements (schedules) listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Post Falls, Idaho. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Post Falls, Idaho. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical tables, and other financial statements (schedules) listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Magnuson, McHugh & Co., P.A.*

January 22, 2004

# 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, 2003. 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 \$65,494,385 (net assets).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,129,042, or 34 percent of total general fund expenditures.
- The City of Post Falls changed its asset valuation threshold from \$1,500 to \$5,000 as of September 30, 2002. The change was not material to either the General Fixed Assets or to the Proprietary Funds, but did require a prior period adjustment for those assets originally booked under the \$1,500 threshold.
- The governments net assets increased by \$7,321,656. Approximately half of this increase is attributed to one-time infusions of resources from cap fees.
- A loan was taken out by the water fund to begin a project to expand and replace wells, lines and reservoirs. The current balance is \$829,684.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Post Falls' basic financial statements. The City of Post Falls' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. No comparison data is available in this year's financial statements, since GASB Statement No. 34 was implemented in the current year. Comparison data will be available in subsequent years.

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

The statement of net assets presents information on all the City of Post Falls' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, wastewater, and sanitation.

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

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Post Falls, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Post Falls can be divided into two 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 the 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 seventeen 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 96-1, LID 99-1, and the capital fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements may be found on pages 28 to 32 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, Sewer 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, Sewer and Sanitation operations, all of which are considered to be major funds of the City of Post Falls.

The basic proprietary fund financial statements may be found on pages 33 to 35 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 36 to 57 of this report.

***Other information.*** The combining statements referred to earlier in connection with nonmajor governmental funds may be found on pages 58 to 59 of this report. Combining and individual fund statements and schedules can be found on pages of this report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Post Falls, assets exceeded liabilities by \$64,279,956 at the close of the most recent fiscal year.

By far the largest portion of the City of Post Falls' net assets (70 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' 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.

Below is a summary of the City of Post Falls' Net Assets statement. No comparison data is available for this summary since GASB Statement No. 34 was implemented in the current year. Comparison data will be available in subsequent years.

### City of Post Falls' Net Assets

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current and other assets	\$ 6,987,236	\$14,701,070	\$21,688,306
Capital assets	<u>15,565,694</u>	<u>39,866,555</u>	<u>55,432,249</u>
Total assets	<u>22,552,930</u>	<u>54,567,625</u>	<u>77,120,555</u>
<b>LIABILITIES</b>			
Long-term liabilities outstanding	6,547,842	3,300,174	9,848,016
Other liabilities	<u>1,348,062</u>	<u>430,092</u>	<u>1,778,154</u>
Total liabilities	<u>7,895,904</u>	<u>3,730,266</u>	<u>11,626,170</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related Debt:			
Restricted	9,017,852	36,623,300	45,641,152
Unrestricted	833,042	3,075,936	3,908,978
Total net assets	<u>4,806,132</u>	<u>11,138,123</u>	<u>15,944,255</u>
	<u>\$ 14,657,026</u>	<u>\$ 50,837,359</u>	<u>\$ 65,494,385</u>

An additional portion of the City of Post Falls' net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$15,944,255) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Post Falls is able to report positive balances in all three categories of net assets, 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, 73 percent of the liabilities are made up of noncurrent liabilities. This primarily represents bonds and leases discussed in Note 7 of the notes to the financials.

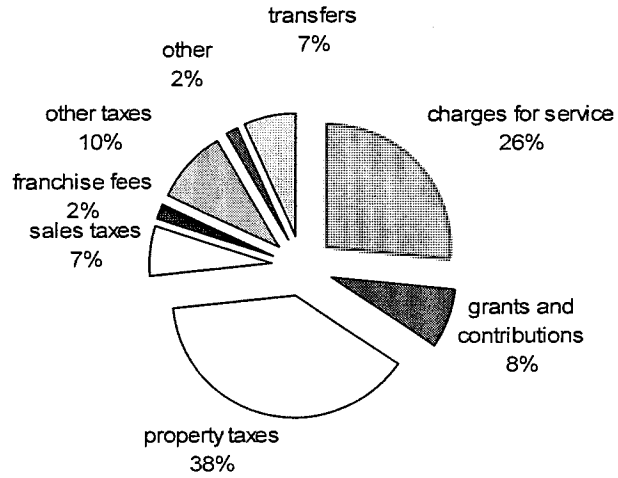
**Governmental activities.** Governmental activities' key elements are broken down in the following charts. Governmental activities increased the net assets by \$2,978,436 and business-type activities increased net assets by \$4,343,220.

Below is a summary of the City of Post Falls' Changes in Net Assets. No comparison data is available for this summary since GASB Statement No. 34 was implemented in the current year. Comparison data will be available in subsequent years.

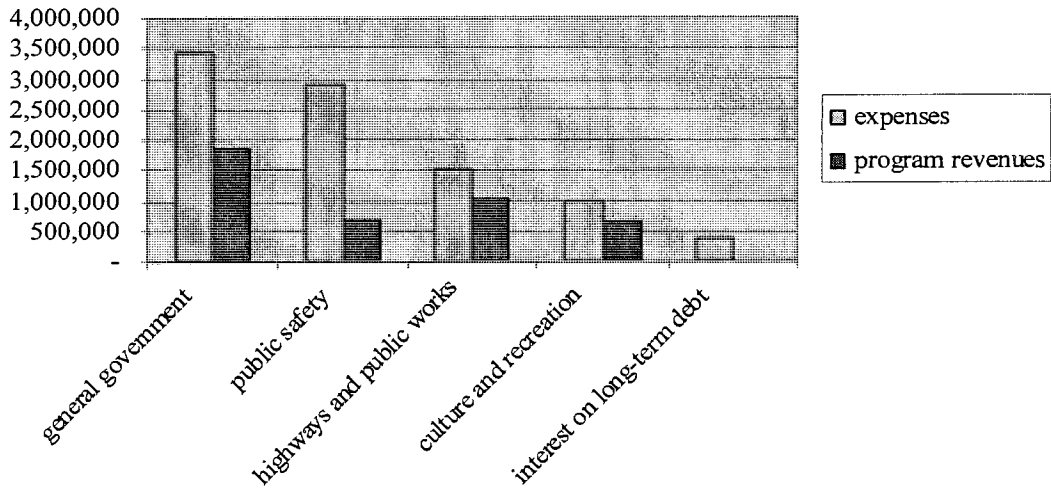
### City of Post Falls' Changes in Net Assets

	Governmental Activities	Business-Type Activities	Total
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$ 3,263,471	\$ 5,151,612	\$ 8,415,083
Operating grants and contributions	305,083		305,083
Capital grants and contributions	620,063	3,410,490	4,030,553
General revenues:			
Property taxes	4,751,170		4,751,170
Other taxes	2,219,109		2,219,109
Other	<u>235,989</u>	<u>280,123</u>	<u>516,112</u>
Total revenues	<u>\$11,394,885</u>	<u>\$ 8,842,225</u>	<u>\$20,237,110</u>
<b>EXPENSES</b>			
General government	\$ 3,446,537		\$ 3,446,537
Public safety	2,887,150		2,887,150
Highway and public works	1,521,094		1,521,094
Culture and recreation	983,357		983,357
Interest on long-term debt	<u>374,533</u>		<u>374,533</u>
Water		\$ 914,653	914,653
Sewer		1,898,449	1,898,449
Sanitation		<u>889,681</u>	<u>889,681</u>
Total expenses	<u>\$ 9,212,671</u>	<u>\$ 3,702,783</u>	<u>\$12,915,454</u>
<b>INCREASE IN NET ASSETS BEFORE TRANSFERS</b>	<u>2,182,214</u>	<u>5,139,442</u>	<u>7,321,656</u>
<b>TRANSFERS IN (OUT)</b>	<u>796,222</u>	<u>(796,222)</u>	
<b>INCREASE IN NET ASSETS</b>	<u>2,978,436</u>	<u>4,343,220</u>	<u>7,321,656</u>
<b>NET ASSETS beginning</b>	<u>11,678,590</u>	<u>46,494,139</u>	<u>58,172,729</u>
<b>NET ASSETS ending</b>	<u>\$14,657,026</u>	<u>\$50,837,359</u>	<u>\$65,494,385</u>

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



- The majority of the City of Post Falls' governmental activities' revenue is received from property taxes (38 percent). When all taxes are added together, they make up 57 percent of the budget.
- When revenues are compared to expenses, it shows that none of the City of Post Falls' programs are self supporting. Each program is funded by taxes or other general revenues. The closest supporting programs are culture and recreation at 66 percent funded and highways and public works at 67 percent funded.
- Grants and contributions are primarily received by public safety and public works. These grants normally have matching requirements by the City, but allow programs and projects that may not happen without those additional funds. The City currently runs a domestic violence program that is funded through federal grants each year.

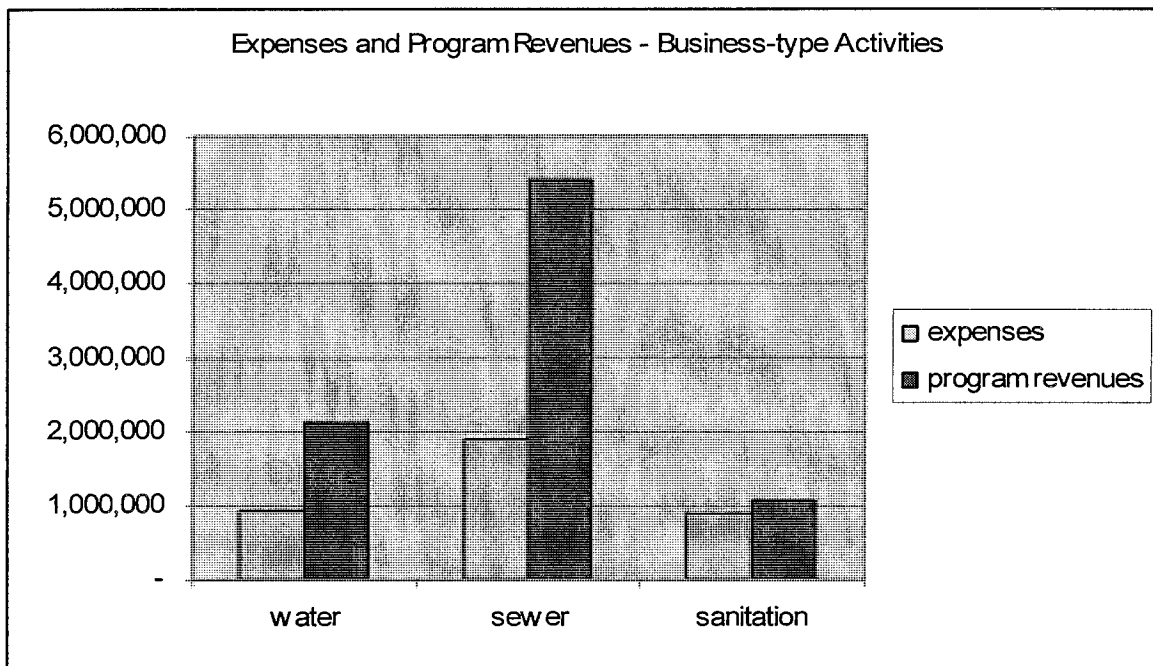
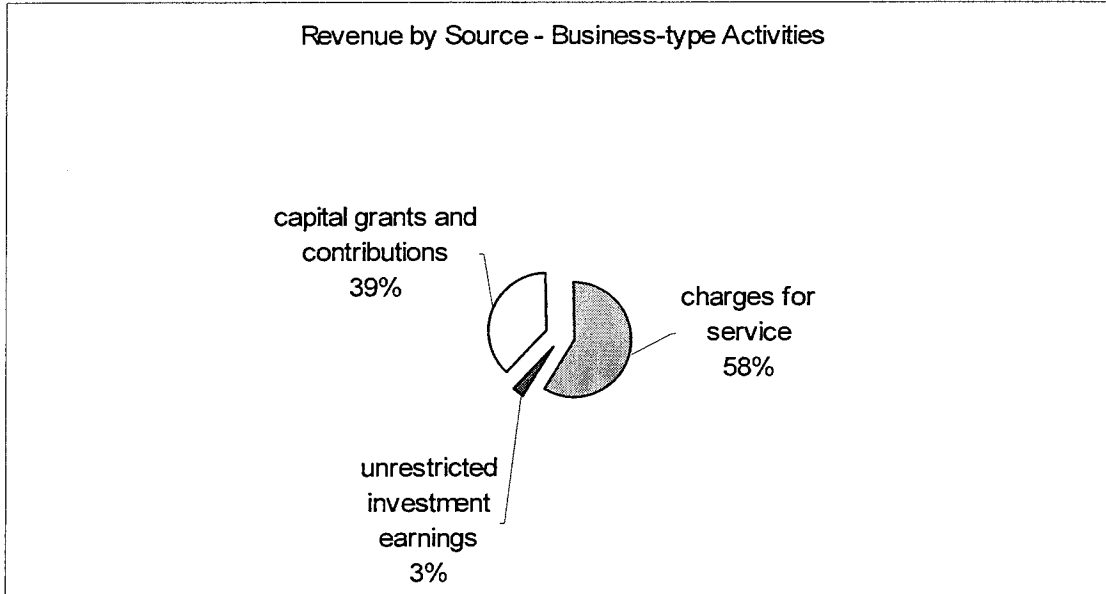
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. With the completion of the new police facility late in the year, the additional costs of a new building will not really be reflected until next fiscal year. The only major transactions during the year were construction projects such as the new police facility, completion of LID 99-1 (a transportation project in a new commercial area of town) and a number of park projects (new parks in subdivisions and updating old parks). No significant losses or revenues were received during the year.

Major funds in the City are general fund, LID 96-1, LID 99-1, and the capital fund. Significant transactions within the general fund this year mainly consisted of repayment of debt and payment of personnel (has been steadily increasing since a wage study was performed in 2001 and since health insurance has been increasing at about 20 percent each year). The average wage increase in the City for the current fiscal year was 6 percent. A significant transaction for LID 96-1 was repayment of special assessment bonds and for LID 99-1 was completion of a transportation project. This project was originally supposed to be complete in the prior year, so the budget was not adopted with correct numbers. Bonds were sold on this project in fiscal year 2004. Last, significant transactions in the capital fund were completion of construction on the police facility and construction on a number of park projects.

Significant balances in the general fund cash and interfund receivables. The interfund receivable is primarily due from an interim loan to LID 99-1 until bonds could be sold in fiscal year 2004 and reimburses the general fund. Cash available at the end of each fiscal year is carried forward into next year's budget. LID 96-1 has \$76,737 in outstanding receivables. The payments on this fund are due at the end of the fiscal year and receivables regularly roll into the next fiscal year and are collect in October. LID 99-1 has the \$988,714 interfund payable to the general fund. Last, the capital fund has a large cash balance that is primarily made up of money that is being saved for future projects such as a New City Hall.



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



- The majority of the City of Post Falls' business-type activities' revenue is received from charges for services (58 percent). Currently, the City of Post Falls' business-type activities do not use property taxes for any type of funding.

- Capital contributions are also a major revenue source. These contributions are received by water and sewer only. The sanitation for the City of Post Falls is contracted out, and the City has very little capital investment in that program.
- When revenues are compared to expenses, it shows that all of the City of Post Falls' programs are self supporting:
- Investment earnings have been low because of a weak market.

Again, for the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The City has been growing at a very rapid pace over the last couple of years. The City is the only sewer 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, unreserved fund balance may serve as a useful measure of a 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 \$4,947,721, a decrease of \$2,890,188 in comparison with the prior year. This decrease is primarily due to the construction of the new police facility. The current fund balance contains \$440,896 of reserved dollars, \$392,146 of designated dollars and the balance of \$4,114,679 is unreserved, 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, unreserved fund balance of the general fund was \$3,129,042, with a total fund balance of \$3,381,957. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34 percent of total general fund expenditures, while total fund balance represents 37 percent of that same amount.

***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 assets of the water, sewer and sanitation funds at the end of the year amounted to \$11,138,123 (water \$2,045,692; sewer \$8,952,865; and sanitation \$139,566). Restricted net assets at the end of the year amounted to \$3,075,936 (water \$1,461,192 and sewer \$1,614,744).

## General Fund Budgetary Highlights

No budget amendment was performed during the current fiscal year. General Fund revenues ended the fiscal year with a total positive variance of 3 percent. Expenditures ended the fiscal year with a total positive variance of 6 percent. The major variance in revenues was due to an unprecedented year in issuing building permits. The variance in expenditures was due to a combination of numerous small savings in the general government area.

## 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 2003 amounts to \$54,522,378 (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 15 percent (a 55 percent increase for governmental activities and a 5 percent increase for business-type activities).

### City of Post Falls' Capital Assets (net of accumulated depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$3,372,084	\$2,358,873	\$5,730,957
Buildings & Imp.	7,043,304		7,043,304
Machinery & Equip.	1,766,325	477,247	2,243,572
Infrastructure	3,383,981		3,383,981
Wells		922,046	922,046
Water System		8,299,875	8,299,875
Sewer System		26,589,054	26,589,054
C.I.P.		309,589	309,589
Total	<u>\$15,565,694</u>	<u>\$38,956,684</u>	<u>\$54,522,378</u>

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

- Construction of the new police facility started in fiscal year 2002 was completed in the current fiscal year.
- Began construction of Chase Sports Field, continued improvements in Black Bay Park, and completed the first phase of Beck Park.
- Began construction of water project, (partially funded by a DEQ loan), which will include additional wells and reservoirs.

Additional information on the City of Post Falls' capital assets can be found in note 5 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 \$4,383,980. Of this amount, \$1,490,000 is comprised of debt backed by the full faith and credit of the government and \$485,001 is 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 (\$395,250), water (\$26,092) and sewer (\$35,420).

<u>Debt Type</u>	<u>Balance</u>
General Obligation Bonds:	\$1,490,000
Sewer Revenue Bonds:	2,408,979
Water – DEQ Loan	829,684
Special Assessment Bonds:	485,001
Leases	4,177,590
Compensated Absences	<u>456,762</u>
	<u>\$9,848,016</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 \$20,148,990 on September 30, 2003. The City's general obligation bond above is subject to this limit. Therefore, \$18,658,990 is available for future general obligation indebtedness.

Additional information on the City of Post Falls' long-term debt can be found in note 7 on pages 48 to 50 of this report.

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

- The State of Idaho started to see a slow recovery in sales tax and gas tax during 2003. The prior year had a reduction in those taxes.

- Interest rates continue at an all time low and so investment interest has been budgeted to reflect this trend.
- Building permits issued in the City of Post Falls are at an all time high and are expected to continue at this rate for the next couple of years.
- The number of utility accounts has also been increasing at an all time high and that growth has been included in the budget process.
- The unemployment rate for Kootenai County at the end of September was 6.9%. The state unemployment rate for the same time period was 5.3% and the national rate (seasonally adjusted) was 6.1%.

All of these factors were considered in preparing the City of Post Falls' budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$3,381,957. The City of Post Falls has appropriated \$305,839 of this amount for spending in the 2004 fiscal year budget. The remaining balance will be reserved during fiscal year 2004 as a contingency fund.

Both water and sewer operating rates were increased by 4.5 percent in the 2004 budget year. Sanitation rates were decreased by 2.09 percent. Water and sewer rates are set by rate studies that updated every five years. The sanitation rates are determined by PPI rates each year.

### **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 the 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 Assets  
September 30, 2003**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Post Falls Urban Renewal Agency
<b>Assets</b>				
Cash and cash equivalents	\$ 3,980,450	\$ 10,782,686	\$ 14,763,136	\$ 41,346
Investments	361,440		361,440	530,148
Receivables				
Accounts	20,811	712,371	733,182	
Taxes	290,051		290,051	8,937
Miscellaneous	277,225		277,225	
Special assessments	458,314		458,314	
Internal Balances				
Due from other governments	440,699		440,699	
Accrued interest	70	199	269	
Restricted cash	1,158,176	3,205,814	4,363,990	
Capital assets, net of depreciation:				
Land	3,372,084	2,354,871	5,726,955	
Buildings	7,043,304	4,754,242	11,797,546	
Machinery and equipment	1,766,325	324,315	2,090,640	
Other improvements		29,887,488	29,887,488	
Infrastructure	3,383,981		3,383,981	
Construction in progress		2,541,046	2,541,046	
Unamortized issue costs		4,593	4,593	
Total Assets	<u>22,552,930</u>	<u>54,567,625</u>	<u>77,120,555</u>	<u>580,431</u>
<b>Liabilities</b>				
Accounts payable	611,351	236,555	847,906	45,624
Accrued payroll	267,858	31,316	299,174	
Bond interest payable	43,771	32,297	76,068	1,763
Restricted customer deposits	425,082	129,924	555,006	
Noncurrent liabilities				
Due within one year	644,295	662,348	1,306,643	230,000
Due in more than one year	5,903,547	2,637,826	8,541,373	661,403
Total Liabilities	<u>7,895,904</u>	<u>3,730,266</u>	<u>11,626,170</u>	<u>938,790</u>
<b>Net Assets</b>				
Invested in fixed assets, net of related debt	9,017,852	36,623,300	45,641,152	
Restricted for:				
Library and art activities	88,660		88,660	
Debt service	352,236	1,232,655	1,584,891	366
Capital improvements	392,146	1,843,281	2,235,427	67,074
Unrestricted	4,806,132	11,138,123	15,944,255	(425,799)
Total Net Assets	<u>\$ 14,657,026</u>	<u>\$ 50,837,359</u>	<u>\$ 65,494,385</u>	<u>\$ (358,359)</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, 2003**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-type Activities	
<b>Functions/Programs</b>							
<b>Governmental activities:</b>							
General government	\$ 3,446,537	\$ 1,842,883	\$ 15,019		\$ (1,588,635)		\$ (1,588,635)
Public safety	2,887,150	365,513	258,131	\$ 41,446	(2,222,060)		(2,222,060)
Highways and public works	1,521,094	453,341	1,000	565,340	(501,413)		(501,413)
Culture and recreation	983,357	601,734	30,933	13,277	(337,413)		(337,413)
Interest on long-term debt	374,533				(374,533)		(374,533)
Total governmental activities	9,212,671	3,263,471	305,083	620,063	(5,024,054)		(5,024,054)
<b>Business-type activities:</b>							
Water	914,653	1,448,160		658,546		\$ 1,192,053	1,192,053
Sewer	1,898,449	2,640,879		2,751,944		3,494,374	3,494,374
Sanitation	889,681	1,062,573				172,892	172,892
Total business-type activities	3,702,783	5,151,612		3,410,490		4,859,319	4,859,319
<b>Total government</b>	<b>\$12,915,454</b>	<b>\$ 8,415,083</b>	<b>\$ 305,083</b>	<b>\$ 4,030,553</b>	<b>(5,024,054)</b>	<b>4,859,319</b>	<b>(164,735)</b>
<b>General revenues:</b>							
Property taxes					4,751,170		4,751,170
Sales taxes					803,713		803,713
Franchise fees					238,418		238,418
Motor fuel taxes					866,140		866,140
Alcoholic beverage taxes					310,838		310,838
Grants and contributions not restricted to specific programs					206,303	280,123	486,426
Unrestricted investment earnings					29,686	(796,222)	29,686
Gains (losses) on disposal of capital assets					796,222		796,222
Total general revenues and transfers					8,002,490	(516,099)	7,486,391
<b>Change in net assets</b>					2,978,436	4,343,220	7,321,656
<b>Net Assets - beginning</b>					11,678,590	46,494,139	58,172,729
<b>Net Assets - ending</b>					\$ 14,657,026	\$ 50,837,359	\$ 65,494,385

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



City of Post Falls  
Balance Sheet  
Governmental Funds  
September 30, 2003

	Debt Service Funds			Capital Fund	Other Governmental Funds	Totals Government Funds 2003
	General Fund	LID 96-1 Fund	LID 99-1 Fund			
<b>Assets</b>						
Cash on hand and cash equivalents	\$ 1,703,409			\$ 1,896,005	\$ 381,036	\$ 3,980,450
Investments	361,440					361,440
Accounts receivable:						
Property taxes - current	30,979					30,979
- delinquent	259,072					259,072
Loans receivable					96,416	96,416
Miscellaneous	166,009	\$ 76,737			16,678	259,424
Customers					18,969	18,969
Due from other governments	430,789				9,910	440,699
Special assessments - delinquent		50,432			14,601	65,033
- deferred		223,175			93,333	316,508
Interfund receivables	1,021,719				43,164	1,064,883
Accrued interest	34			28	8	70
Restricted current assets:						
Cash and cash equivalents	578,049			580,127		1,158,176
<b>Total assets and other debits</b>	<b>\$ 4,551,500</b>	<b>\$ 350,344</b>		<b>\$ 2,476,160</b>	<b>\$ 674,115</b>	<b>\$ 8,052,119</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 217,531		\$ 67,784	\$ 306,672	\$ 19,364	\$ 611,351
Interfund payables		\$ 43,127	988,714		33,042	1,064,883
Accrued payroll and fringe benefits	267,858					267,858
Deferred revenue	259,072	273,606			202,546	735,224
Restricted customer deposits	425,082					425,082
<b>Total liabilities</b>	<b>1,169,543</b>	<b>316,733</b>	<b>1,056,498</b>	<b>306,672</b>	<b>254,952</b>	<b>3,104,398</b>
<b>Fund balances:</b>						
Reserved for:						
Library and art activities	88,660					88,660
Debt				352,236		352,236
Unreserved:						
Designated for improvements	164,255			227,891		392,146
General fund	3,129,042					3,129,042
Special Revenue funds					145,184	145,184
Debt Service funds		33,611	(1,056,498)		273,979	(748,908)
Capital Fund				1,589,361		1,589,361
<b>Total fund balances</b>	<b>3,381,957</b>	<b>33,611</b>	<b>(1,056,498)</b>	<b>2,169,488</b>	<b>419,163</b>	<b>4,947,721</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,551,500</b>	<b>\$ 350,344</b>	<b>\$</b>	<b>\$ 2,476,160</b>	<b>\$ 674,115</b>	

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

Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	15,565,694
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	735,224
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(6,591,613)
<b>Net assets of governmental activities</b>	<b>\$14,657,026</b>

City of Post Falls  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
 Governmental Funds  
 For the Year Ended September 30, 2003

	Debt Service Funds				Capital Fund	Other Governmental Funds	Totals Government Funds 2003
	General Fund	LID 96-1 Fund	LID 99-1 Fund	LID 99-1 Fund			
<b>Revenues:</b>							
Taxes	\$ 4,730,516						\$ 4,730,516
Intergovernmental	2,250,023		\$ 368,436				2,618,459
Charges for services	1,542,879				\$ 607,666	\$ 221,103	2,371,648
Other revenue	266,178		196,904			148,130	611,212
Special assessment revenue		\$ 49,306				113,352	162,658
Interest	103,367				57,691	4,109	165,167
<b>Total revenues</b>	<b>8,892,963</b>	<b>49,306</b>	<b>565,340</b>		<b>665,357</b>	<b>486,694</b>	<b>10,659,660</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	3,276,890	2,700		19		3,650	3,283,259
Public safety	2,776,302						2,776,302
Highways and public works	1,052,418		1,524,198			209,078	2,785,694
Culture and recreation	913,528					18,110	931,638
Capital outlay	438,594				3,157,430	112,311	3,708,335
Debt service:							
Principal	320,439					145,000	500,439
Interest	333,427					27,021	374,533
<b>Total expenditures</b>	<b>9,111,598</b>	<b>51,785</b>	<b>1,524,217</b>		<b>3,157,430</b>	<b>515,170</b>	<b>14,360,200</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(218,635)</b>	<b>(2,479)</b>	<b>(958,877)</b>		<b>(2,492,073)</b>	<b>(28,476)</b>	<b>(3,700,540)</b>
<b>Other financing sources (uses):</b>							
Proceeds of capital financing	14,129						14,129
Transfers in	1,045,112					2,859	1,047,971
Transfers out					(237,890)	(13,859)	(251,749)
<b>Total other financing sources (uses)</b>	<b>1,059,241</b>				<b>(237,890)</b>	<b>(11,000)</b>	<b>810,351</b>
<b>Net change in fund balance</b>	<b>840,606</b>	<b>(2,479)</b>	<b>(958,877)</b>		<b>(2,729,963)</b>	<b>(39,476)</b>	<b>(2,890,189)</b>
<b>Fund balances, Beginning</b>	<b>2,541,351</b>	<b>36,090</b>	<b>(97,621)</b>		<b>4,899,451</b>	<b>458,639</b>	<b>7,837,910</b>
<b>Fund balances, Ending</b>	<b>\$ 3,381,957</b>	<b>\$ 33,611</b>	<b>\$ (1,056,498)</b>		<b>\$ 2,169,488</b>	<b>\$ 419,163</b>	<b>\$ 4,947,721</b>

**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, 2003**

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

Net change in fund balances - total governmental funds		\$ (2,890,189)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities those costs are reported as depreciation expense to allocate the expenditures over the life of the asset. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Expenditures for capital assets	5,023,513	
Less current year depreciation	<u>(376,422)</u>	4,647,091
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Property taxes	259,072	
Notes and assessments receivable	<u>476,152</u>	735,224
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.</p>		
Bond and loan proceeds	(14,129)	
Principal payments	<u>500,439</u>	<u>486,310</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 2,978,436</u></u>

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

**City of Post Falls  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances-Budget and Actual  
For the Year Ended September 30, 2003**

	Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
General property taxes	\$ 4,746,166	\$ 4,730,516	\$ (15,650)
Intergovernmental revenue	2,240,263	2,250,023	9,760
Charges for services	1,019,674	1,542,879	523,205
Other revenue	529,856	266,178	(263,678)
Interest	82,200	103,367	21,167
Total revenues	<u>8,618,159</u>	<u>8,892,963</u>	<u>274,804</u>
<b>Expenditures</b>			
Current:			
General government	3,739,896	3,276,890	463,006
Public safety	2,867,242	2,776,302	90,940
Highways and public works	1,143,519	1,052,418	91,101
Culture and recreation	894,562	913,528	(18,966)
Capital outlay	375,937	438,594	(62,657)
Debt service			
Principal	326,552	320,439	6,113
Interest	334,000	333,427	573
Total expenditures	<u>9,681,708</u>	<u>9,111,598</u>	<u>570,110</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,063,549)</u>	<u>(218,635)</u>	<u>844,914</u>
<b>Other Financing</b>			
<b>Sources (Uses)</b>			
Proceeds of capital financing		14,129	14,129
Transfers in	867,222	1,045,112	177,890
Total other financing sources (uses)	<u>867,222</u>	<u>1,059,241</u>	<u>192,019</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	(196,327)	840,606	1,036,933
Fund balances - beginning	<u>2,541,351</u>	<u>2,541,351</u>	
Fund balances - ending	<u>\$ 2,345,024</u>	<u>\$ 3,381,957</u>	<u>\$ 1,036,933</u>

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

**City of Post Falls**  
**Major Special Revenue Funds**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances-Budget and Actual**  
**For the Year Ended September 30, 2003**

	LID 96-1 Fund			LID 99-1 Fund			Capital Fund					
	Budget		Variance with Final Budget- Positive (Negative)	Budget		Variance with Final Budget- Positive (Negative)	Budget		Variance with Final Budget- Positive (Negative)			
	Original	Final		Actual Amounts	Original		Final	Actual Amounts		Original	Final	Actual Amounts
<b>Revenues</b>												
Intergovernmental revenue												
Charges for services												
Other revenue												
Principal	\$ 30,000	\$ 30,000	\$ 63	\$ 368,436	\$ (531,564)	\$ 196,904	\$ 380,000	\$ 380,000	\$ 607,666	\$ 227,666		
Interest	14,000	14,000	5,243	196,904			30,000	30,000	57,691	27,691		
Total revenues	44,000	44,000	5,306	565,340	(334,660)	196,904	410,000	410,000	665,357	255,357		
<b>Expenditures</b>												
Current:												
General government	2,700	2,700		19	(19)		3,310,000	3,310,000	3,157,430	152,570		
Highways and public works												
Capital outlay												
Debt Service												
Principal	35,000	35,000										
Interest	14,085	14,085		1,524,217	(624,217)		3,310,000	3,310,000	3,157,430	152,570		
Total expenditures	51,785	51,785		1,524,217	(624,217)		3,310,000	3,310,000	3,157,430	152,570		
Excess (deficiency) of revenues over expenditures	(7,785)	(7,785)	5,306	(958,877)	(958,877)		(2,900,000)	(2,900,000)	(2,492,073)	407,927		
<b>Other Financing Sources (Uses)</b>												
Transfers (out)												
sources (uses)												
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	(7,785)	(7,785)	5,306	(958,877)	(958,877)		(2,900,000)	(2,900,000)	(2,729,963)	170,037		
Fund balances - beginning	36,090	36,090		(97,621)	(97,621)		4,899,451	4,899,451	4,899,451	4,899,451		
Fund balances - ending	\$ 28,305	\$ 28,305	\$ 5,306	\$ (1,056,488)	\$ (958,877)		\$ 1,999,451	\$ 1,999,451	\$ 2,169,488	\$ 170,037		

**City of Post Falls  
Statement of Net Assets  
Proprietary Funds  
September 30, 2003**

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Totals
<b>Assets</b>				
Current assets:				
Cash	\$ 1,885,158	\$ 8,791,151	\$ 106,377	\$ 10,782,686
Utility receivables, net	271,758	328,921	111,692	712,371
Accrued interest	37	115	1	153
Total current assets	<u>2,156,953</u>	<u>9,120,187</u>	<u>218,070</u>	<u>11,495,210</u>
Non-current assets:				
Restricted cash	1,591,096	1,614,718		3,205,814
Restricted accrued interest	20	26		46
Bond issuance cost, net		4,593		4,593
Total restricted assets	<u>1,591,116</u>	<u>1,619,337</u>		<u>3,210,453</u>
Capital assets:				
Land	54,555	2,300,316		2,354,871
Wells	1,352,393			1,352,393
Water system	10,261,145			10,261,145
Equipment	252,186	1,025,398	12,979	1,290,563
Sewer system		34,748,954		34,748,954
Construction in progress	2,491,394	49,652		2,541,046
Less accumulated depreciation	<u>(2,829,916)</u>	<u>(9,844,115)</u>	<u>(12,979)</u>	<u>(12,687,010)</u>
Total capital assets (net of accumulated depreciation)	<u>11,581,757</u>	<u>28,280,205</u>		<u>39,861,962</u>
Total non-current assets	<u>13,172,873</u>	<u>29,899,542</u>		<u>43,072,415</u>
Total Assets	<u>15,329,826</u>	<u>39,019,729</u>	<u>218,070</u>	<u>54,567,625</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	71,153	86,898	78,504	236,555
Accrued payroll	12,781	18,535		31,316
Bond interest payable	1,235	31,062		32,297
Compensated absences	26,092	35,420		61,512
Bond payable - current maturity		625,421		625,421
Total current liabilities	<u>111,261</u>	<u>797,336</u>	<u>78,504</u>	<u>987,101</u>
Current liabilities payable from restricted assets:				
Customer deposits payable	<u>129,924</u>			<u>129,924</u>
Total current liabilities payable from restricted assets	<u>129,924</u>			<u>129,924</u>
Noncurrent liabilities:				
Bonds payable	829,684	1,783,557		2,613,241
Total noncurrent liabilities	<u>829,684</u>	<u>1,783,557</u>		<u>2,613,241</u>
Total Liabilities	<u>1,070,869</u>	<u>2,580,893</u>	<u>78,504</u>	<u>3,730,266</u>
<b>Net Assets</b>				
Invested in fixed assets, net of related debt	10,752,073	25,871,227		36,623,300
Restricted for:				
Replacement	1,002,014	841,267		1,843,281
Bond Retirement	459,178	773,477		1,232,655
Unrestricted	2,045,692	8,952,865	139,566	11,138,123
Total Net Assets	<u>\$ 14,258,957</u>	<u>\$ 36,438,836</u>	<u>\$ 139,566</u>	<u>\$ 50,837,359</u>

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

**City of Post Falls**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2003**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Totals</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 1,321,635	\$ 2,606,011	\$ 1,044,512	\$ 4,972,158
Hookups and connections	62,171			62,171
Other revenues	64,354	34,868	18,061	117,283
Total operating revenues	<u>1,448,160</u>	<u>2,640,879</u>	<u>1,062,573</u>	<u>5,151,612</u>
<b>Operating Expenses:</b>				
Salaries and benefits	290,294	450,540		740,834
Administrative and supplies	366,573	629,490	889,681	1,885,744
Depreciation	256,551	692,170		948,721
Total operating expenses	<u>913,418</u>	<u>1,772,200</u>	<u>889,681</u>	<u>3,575,299</u>
Operating income	<u>534,742</u>	<u>868,679</u>	<u>172,892</u>	<u>1,576,313</u>
Nonoperating revenues (expenses):				
Investment income	72,224	206,035	1,864	280,123
Interest expense	(1,235)	(125,479)		(126,714)
Amortization of refunding costs		(770)		(770)
Total nonoperating revenues (expenses)	<u>70,989</u>	<u>79,786</u>	<u>1,864</u>	<u>152,639</u>
Income before contributions and transfers	<u>605,731</u>	<u>948,465</u>	<u>174,756</u>	<u>1,728,952</u>
Capital Contributions - tap fees	658,546	2,751,944		3,410,490
Transfers out	(301,049)	(352,410)	(142,763)	(796,222)
Changes in net assets	<u>963,228</u>	<u>3,347,999</u>	<u>31,993</u>	<u>4,343,220</u>
Total net assets - beginning	<u>13,295,729</u>	<u>33,090,837</u>	<u>107,573</u>	<u>46,494,139</u>
Total net assets - ending	<u>\$14,258,957</u>	<u>\$ 36,438,836</u>	<u>\$ 139,566</u>	<u>\$ 50,837,359</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, 2003**

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Totals
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 1,448,178	\$ 2,571,638	\$ 1,049,390	\$ 5,069,206
Payments to suppliers	(450,876)	(614,551)	(878,724)	(1,944,151)
Payments to employees	(289,539)	(442,086)		(731,625)
Net cash provided by operating activities	<u>707,763</u>	<u>1,515,001</u>	<u>170,666</u>	<u>2,393,430</u>
<b>Cash Flows from Non-capital Financing Activities</b>				
Operating subsidies and transfers to other funds	(301,049)	(352,410)	(142,763)	(796,222)
Net cash (used) by non-capital financing activities	<u>(301,049)</u>	<u>(352,410)</u>	<u>(142,763)</u>	<u>(796,222)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from capital debt	829,684			829,684
System development fees	658,546	2,751,944		3,410,490
Principal payments on capital debt		(594,193)		(594,193)
Interest payments on capital debt		(129,765)		(129,765)
Purchase of capital assets	(2,385,291)	(1,182,825)		(3,568,116)
Net cash provided (used) by capital and related financing activities	<u>(897,061)</u>	<u>845,161</u>		<u>(51,900)</u>
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	80,310	224,246	1,948	306,504
Net cash provided by investing activities	<u>80,310</u>	<u>224,246</u>	<u>1,948</u>	<u>306,504</u>
Net increase (decrease) in cash and cash equivalents	(410,037)	2,231,998	29,851	1,851,812
Cash and cash equivalents, beginning	<u>3,886,291</u>	<u>8,173,871</u>	<u>76,526</u>	<u>12,136,688</u>
Cash and cash equivalents, ending	<u>\$ 3,476,254</u>	<u>\$ 10,405,869</u>	<u>\$ 106,377</u>	<u>\$ 13,988,500</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating income	\$ 534,742	\$ 868,679	\$ 172,892	\$ 1,576,313
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	256,551	692,170		948,721
Changes in assets and liabilities:				
Accounts receivable	(28,161)	(69,241)	(13,183)	(110,585)
Accounts payable	(84,303)	14,939	10,957	(58,407)
Accrued payroll	755	8,454		9,209
Customer deposits	28,179			28,179
Total adjustments	<u>\$ 707,763</u>	<u>\$ 1,515,001</u>	<u>\$ 170,666</u>	<u>\$ 2,393,430</u>

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





# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

The accounting methods and 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.

### 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, library, planning and zoning, animal control, cemetery, general administration, construction, water sewer, 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 five 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.

The Agency operates on a calendar year basis. Complete financial statements of the Agency can be obtained directly from:

Post Falls Urban Renewal Agency  
P. O. Box 236  
Post Falls, ID 83854

#### Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement 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.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.
2. *Debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.
3. The *capital fund* accounts for all governmental fund major capital projects.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

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

The government reports the following major proprietary funds:

1. The *sewer fund* is used to account for the activities of the City's wastewater treatment facility.
2. The *water fund* is used to account for the activities of the City's water division.
4. 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).

Private-sector standards of accounting and financial reporting issued after November 30, 1989, generally are followed in both the business-type government-wide and proprietary fund financial statement to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer, water and sanitation functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grant and contributions, and 3) capital grants and contributions, including special assessments. Internally, dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses 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 sewer, water and sanitation funds are charges to customers for sales and services. The sewer and water fund also recognize as operating revenue the portion of cap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

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

#### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

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 expenses, and depreciation is not budgeted for. These items are reconciled to GAAP in the statements of Revenues and Expenses - Budget and Actual.

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 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 (interfund payables) are charged interest equivalent to the average investment earnings lost in financing the deficits.

For purposes of the statement of cash flows, the Proprietary consider all unrestricted investments held in the pooled accounts of the City to be cash equivalents because this pool is used essentially as a demand deposit account.

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

Statement of Cash Flows - The City defines cash and cash equivalents used in the statement of cash flows as all cash and highly liquid investments with an original maturity of three months or less (both restricted and unrestricted.)

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

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

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, 2003 materially approximates fair value. Investments on hand at September 30, 2003 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.

Due To and From Other Funds - Interfund receivables and payables arise from interfund 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.

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 asset or materially extend assets lives are not capitalized.

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.

Property, plant, and equipment of the primary government is 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
Buildings/Improvements	20 - 40 years
Sewer System/Improvements	20 - 50 years
Water System/Improvements	20 - 50 years
Vehicles	3 - 5 years

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

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

Capitalization of Interest - In accordance with Financial Accounting Standards Board Statement No. 62, the City follows the policy of capitalizing net interest costs on funds borrowed to finance the construction of fixed assets.

Bond Refunding Costs - In the governmental fund types, bond discounts and issuance costs 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 refunding costs	16
Sewer Bond issuance costs	20

Fund Balance - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounts Receivable - Utility accounts receivable, net of allowances for doubtful accounts for the enterprise funds as of September 30, 2003 are as follows:

Water:	
Gross accounts receivable	\$280,144
Less allowance for doubtful accounts	<u>(8,386)</u>
Accounts receivable, net	<u>\$271,758</u>
Sewer:	
Gross accounts receivable	\$336,729
Less allowance for doubtful accounts	<u>(7,808)</u>
Accounts receivable, net	<u>\$328,921</u>
Sanitation:	
Gross accounts receivable	\$115,118
Less allowance for doubtful accounts	<u>(3,426)</u>
Accounts receivable, net	<u>\$111,692</u>

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 prior year levy rate. 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 2002-03 fiscal year was .005334943.

Deferred Revenue - Property tax and debt service revenues are recognized when measurable and available to finance current expenditures. The criteria of available has been defined as having been received within 60 days after year-end. Any portion of taxes receivable not meeting this criteria are recorded in the deferred tax revenue account and will be recognized as revenue when measurable and available.

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

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.

### NOTE 2: CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For the fiscal year ended September 30, 2003, the City has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. At September 30, 2002, there was no effect on fund balance as a result of implementation of GASB Statement No. 33.

GASB Statement No. 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements that present information for individual major funds rather than by fund type, which had been the mode of presentation in previously issued financial statements. Nonmajor funds are presented in total in one column in the fund financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at September 30, 2002 to be restated in terms of "net assets" as follows:

Total fund balances – Governmental Funds, September 30, 2002	\$ 463,536
Add: Cost of capital assets, September 30 2002	863,129
Less: Accumulated depreciation, September 30, 2002	(15,114)
Less: Prior period adjustments	<u>(114,380)</u>
	1,197,171
Less: Long-term debt	(808,367)
Less: Accrued interest	<u>(36,010)</u>
Net assets, September 30, 2002	<u>\$ 352,794</u>

### NOTE 3: 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 combined balance sheet as "Cash and Investments".

Cash and Investments are comprised of the following at September 30, 2003:

Cash on hand	\$ 2,661
Deposits with financial institutions:	
Demand deposit	120,456
Time certificates of deposit	10,151
Investments	<u>19,355,298</u>
Total	<u>19,488,566</u>



## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

**NOTE 3: CASH AND INVESTMENTS (Continued)**

Cash and investments are reflected on the Combined balance Sheet as follows:

Cash and Investments	\$15,124,576
Restricted Cash and Investments	<u>4,363,990</u>
Total	<u>\$19,488,566</u>

Deposits

The carrying amount of the City's deposits with financial institutions was \$130,607 and the bank balance was \$130,607. The bank balance is categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the City in its name	\$110,151
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name)	<u>20,456</u>
Total bank balance	<u>\$130,607</u>

Investments

The City's investments are categorized as follows:

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

At September 30, 2003, the carrying amount and fair value of the investments were:

	Categories			Carrying Amount	Fair Value
	1	2	3		
Repurchase Agreements	\$2,843,128			\$2,843,128	\$2,843,128
U.S. Government Bonds	<u>778,483</u>			<u>778,483</u>	<u>778,483</u>
	<u>\$3,621,611</u>			3,621,611	3,621,611

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

### NOTE 3: CASH AND INVESTMENTS (Continued)

Investments not subject to categorizations:

Idaho State Treasurer's Local Government Investment Pool, variable interest rate	<u>15,733,687</u>	<u>15,733,687</u> <sup>(1)</sup>
Sub-total (Investments excluding Trust and Agency Funds)	<u>15,733,687</u>	<u>15,733,687</u>
Total investments	<u>\$19,355,298</u>	<u>\$19,355,298</u>

The City's investments are categorized above to give an indication of the level of custodial credit risk assumed at year-end in conformance with state law.

<sup>(1)</sup> *The City is a voluntary participant in the Idaho Local Government Investment Pool that is regulated by Idaho State Code Section 67-1210 and Section 67-1210A and under the oversight of the Treasurer of the State of Idaho. The fair value of the City's investment in this pool is reported in the accompanying financial statements 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.*

### NOTE 4: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2003:

Delinquent principal amounts	\$ 65,070
Deferred principal amounts not currently due, but due at future date	<u>316,508</u>
	<u>\$381,578</u>

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

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

#### NOTE 5: CAPITAL ASSETS

The City changed its asset valuation threshold from \$1,500 to \$5,000 as of September 30, 2002. Prior period adjustments were made to retained earnings to remove assets with valuations under \$5,000. Also, when some of the Water and Sewer assets were added in 1995, the appropriate prior depreciation was not taken. A prior period adjustment was made to retained earnings to correct this misstatement. Neither of these changes was material to the Governmental Capital Assets or to the Proprietary Funds. Capital assets activity for the year ended September 30, 2003, is as follows:

	September 30, 2002	Adjustments		September 30, 2003
		Additions	Deletions	
<u>GOVERNMENTAL ACTIVITIES:</u>				
Capital Assets:				
Land	\$ 3,372,084			\$ 3,372,084
Buildings and improvements	5,361,605	\$ 2,978,558		8,340,163
Equipment	2,414,832	396,142	\$ (107,363)	2,703,611
Vehicles	1,253,829	115,943		1,369,772
Infrastructure		3,383,981		3,383,981
Total capital assets	12,402,350	6,874,624	(107,363)	19,169,611
Less: Accumulated Depreciation				
Buildings and improvements	1,180,418	116,441		1,296,859
Equipment	1,299,263	194,702		1,493,966
Vehicles	747,814	65,278		813,092
Infrastructure				
Total accumulated depreciation	3,227,495	376,422		3,603,917
Governmental activities capital assets, net of accum. deprec.	\$ 9,174,855	\$ 6,498,202	\$ (107,363)	\$ 15,565,694

**City of Post Falls**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2003**

**NOTE 5: CAPITAL ASSETS (Continued)**

	September 30, 2002	Adjustments		September 30, 2003
		Additions	Deletions	
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Capital Assets:				
Land	\$ 2,354,871			\$ 2,354,871
Wells	1,352,393			1,352,393
Water System	10,076,645	\$ 184,500		10,261,145
Equipment	1,275,581	22,987	\$ (8,005)	1,290,563
Sewer System	33,619,783	1,129,171		34,748,954
C.I.P.	309,589	2,250,441	(18,984)	2,541,046
Total capital assets	<u>48,988,862</u>	<u>3,587,099</u>	<u>(26,989)</u>	<u>52,548,972</u>
Less: Accumulated Depreciation				
Wells	519,792	38,533		558,325
Water System	1,849,436	199,636		2,049,072
Equipment	921,125	53,128	(8,005)	966,248
Sewer System	8,455,941	657,424		9,113,365
Total accumulated depreciation	<u>11,746,294</u>	<u>948,721</u>	<u>(8,005)</u>	<u>12,687,010</u>
Business-type activities capital assets, net of accum. deprec.	<u>\$ 37,242,568</u>	<u>\$ 2,638,378</u>	<u>\$ (18,984)</u>	<u>\$ 39,861,962</u>

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

Governmental activities:	
General government	\$147,341
Public safety	77,132
Highways and public works	109,220
Culture and recreation	<u>42,730</u>
Total depreciation expense – governmental activities	<u>\$376,422</u>
Business-type activities:	
Water	\$256,551
Sewer	<u>692,170</u>
Total depreciation expense – business-type activities	<u>\$948,721</u>

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

### NOTE 6: DEFINED BENEFIT PENSION PLAN

Public Employee Retirement System of Idaho - The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. Effective September 30, 2003, the annual service retirement allowance for each month of credited service is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

For the year ended September 30, 2003, the required contribution rates of covered payroll were as follows:

For the period October 1, 2002 through June 30, 2003:

	<u>City</u>	<u>Employees</u>
General employees	9.77%	5.86%
Police officer/firefighter employees	10.01%	7.21%

For the period July 1, 2003 through September 30, 2003:

	<u>City</u>	<u>Employees</u>
General employees	9.77%	5.86%
Police officer/firefighter employees	10.11%	7.21%

The City of Post Falls' contributions required and paid were \$457,234, \$422,617, and \$373,426 for the three years ended June 30, 2003, 2002, and 2001.

### NOTE 7: LONG-TERM DEBT

#### General Obligation Bond

On November 4, 1997, the requisite majority of the qualified voters of the City authorized the issuance of General Obligation Bonds in the principal amount of \$2,000,000 to finance the construction of a new Library. The City issued these bonds on March 1, 1998. Repayment terms of the bonds call for semi-annual interest payments on March 1 and September 1, at rates ranging from 4.0% to 6.5%, and annual principal repayments on September 1 in amounts ranging from \$90,000 in 1999 to \$185,000 in 2013.

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

### NOTE 7: LONG-TERM DEBT (Continued)

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

2004	\$ 182,772
2005	182,627
2006	182,272
2007	181,674
2008	185,724
2008-2012	<u>934,271</u>
	<u>\$1,849,340</u>

#### Sewer Revenue Bonds

On March 15, 1982, the requisite majority of the qualified voters of the City authorized the issuance of Sewer Revenue Bonds in the principal amount of \$3,900,000 to finance the acquisition and construction of improvements and additions to the sewer 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.

On August 1, 1995 the City issued \$670,000 of Sewer Revenue Refunding Bonds, named the Series 1995A Bonds. The proceeds of these bonds, along with other resources of the City, were used to defease (refund) the Series 1985 bonds. On May 16, 1994 the City received Judicial Validation under Idaho Code to issue \$3,315,750 of Sewer Revenue Bonds, and issued those bonds, as Series 1995B, on August 1, 1995 in conjunction with the issuance of the Series 1995A bonds.

Repayment terms on the Series 1989 bonds are semi-annual payments, due January 1 and July 1, in the amount of \$54,833.62, including interest at 4.00%.

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%.

Repayment terms on the Series 1995A Bonds call for semi-annual interest payments on February 1 and August 1, at rates ranging from 3.9% to 4.9%, and annual principal repayments on August 1 in amounts ranging from \$55,000 in 1997 to \$80,000 in 2005.

Repayment terms on the Series 1995B Bonds call for semi-annual interest payments on February 1 and August 1, at rates ranging from 3.9% to 4.9%, and annual principal repayments on August 1 in amounts ranging from \$280,000 in 1997 to \$405,000 in 2005.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

#### NOTE 7: LONG-TERM DEBT (Continued)

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

	<u>Sewer Bonds Series 1995A</u>	<u>Sewer Bonds Series 1995B</u>	<u>Sewer Bonds Series 1989</u>	<u>Sewer Bonds Series 1993</u>
2004	\$ 87,760	\$423,325	\$109,667	\$107,525
2005	83,920	424,845	109,667	107,525
2006			109,667	107,525
2007			109,667	107,525
2008			109,667	107,525
2009-2013			109,668	537,525
	<u>\$171,680</u>	<u>\$848,170</u>	<u>\$658,003</u>	<u>\$1,075,150</u>

#### Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2003, was as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
L.I.D. 91-1:	4/15/04	7.95%	\$20,000	\$6,360	\$26,360
	4/15/05	7.95	20,000	4,770	24,770
	4/15/06	7.95	20,000	3,180	23,180
	4/15/07	7.95	<u>20,000</u>	<u>1,590</u>	<u>21,590</u>
			<u>\$80,000</u>	<u>\$15,900</u>	<u>\$95,900</u>
C.L.I.D. #2:	9/1/04	5.60%	\$ 85,000	\$ 9,647	\$ 94,647
	9/1/05	5.75	<u>85,000</u>	<u>4,887</u>	<u>89,887</u>
			<u>\$170,000</u>	<u>\$14,534</u>	<u>\$184,534</u>
L.I.D. #96-1:	9/30/04	5.00%	\$ 35,001	\$12,370	\$ 47,371
	9/30/05	5.10	35,000	10,620	45,620
	9/30/06	5.20	40,000	8,835	48,835
	9/30/07	5.30	40,000	6,755	46,755
	9/30/08	5.40	40,000	4,635	44,635
	9/30/09	5.50	<u>45,000</u>	<u>2,475</u>	<u>47,475</u>
			<u>\$235,001</u>	<u>\$45,690</u>	<u>\$280,691</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

#### NOTE 7: LONG-TERM DEBT (Continued)

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. The required balance for this fund at September 30, 2003 is \$33,950. As of September 30, 2003, \$117,273 is set-aside in this fund.

Changes in governmental activity long-term debt are as follows (See Note 8):

	<u>Balance</u> <u>10/1/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/03</u>
Compensated absences	\$ 339,021	\$ 56,229		\$395,250
Capital leases (Note 8)	4,368,900	14,129	\$205,439	4,177,590
General Fund Bonds Payable	1,605,000		115,000	1,490,000
Local Imp. Bonds payable	<u>665,001</u>		<u>180,000</u>	<u>485,001</u>
	<u>\$6,977,922</u>	<u>\$70,358</u>	<u>\$500,439</u>	<u>\$6,547,841</u>
	Due in			
	<u>One Year</u>			
Compensated absences	\$200,589			
Capital leases (Note 8)	193,706			
General Fund Bonds Payable	120,000			
Local Imp. Bonds payable	<u>130,000</u>			
	<u>\$644,295</u>			

#### NOTE 8: CAPITAL LEASES

General Fund - The General Fund has entered into 5 equipment leases and 1 building/land lease, which qualify as capital leases, as ownership of the assets transfers to the City at the end of the lease. The leases carry interest rates ranging from 2.50% to 5.44% and require annual principal payments. The equipment secures the leases. The booked asset value of the leased equipment is \$188,607 and the booked asset value of the building/land is \$1,437,695, with \$3,903,747, with \$352,236 held in US Government bonds for reserve of the Certificates. All of the capital leases have non-appropriation clauses, which state that if funding is unavailable during the budget process to make the annual required lease payments, then the lease is canceled and the equipment returned to the lending institution.

Future minimum lease payments are as follows:

2004	\$ 403,897
2005	353,945
2006	351,406
2007	350,237
2008	353,024
2009-2013	1,541,252
2014-2018	1,802,040
2019-2022	<u>1,817,640</u>
Future minimum lease payments	6,973,441
Less amounts representing interest	<u>(2,795,851)</u>
	<u>\$4,177,590</u>



## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

#### NOTE 9: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three enterprise funds, which provide water, sewer and sanitation collection services.

Segment information for the year is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Operating revenues	\$1,448,160	\$2,640,879	\$1,062,573	\$5,151,612
Depreciation expense	256,551	692,170		948,721
Operating income	534,742	868,679	172,892	1,576,313
Transfer to other funds	301,049	352,410	142,763	796,222
Change in net assets	963,228	3,347,999	31,993	4,343,220
Property, plant, and equipment	14,411,673	38,124,320	12,979	52,548,972
Property, plant, and equipment depreciation	(2,829,916)	(9,844,115)	(12,979)	(12,687,010)
Property, plant, and equipment additions	2,385,289	1,201,810		3,587,099
Property, plant, and equipment deletions		(8,005)		(8,005)
Working capital	2,045,692	8,322,851	139,566	10,508,109
Total assets	15,329,826	39,019,729	218,070	54,567,625
Revenue bonds payable	829,684	2,408,978		3,238,662
Retained earnings	14,258,957	36,438,836	139,566	50,837,359
Total fund equity	14,258,957	36,438,836	139,566	50,837,359

#### NOTE 10: 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.

Agency Bond Payable - On August 15, 1998, the Agency issued \$995,000 revenue allocation (tax increment) bonds, named Series 1998 Bonds. The purpose of this issue is to refund the Agency's Revenue Allocation Bonds, Series 1997. The notes were issued to partially finance the construction and development of the project within the Urban Renewal Area. Repayment terms are semi-annual payments, due February 1 and August 1, bearing interest ranging from 4.2% to 4.6%.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

#### NOTE 10: COMPONENT UNIT DISCLOSURES (Continued)

The annual requirements to retire the debt are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	<u>\$230,000</u>	<u>\$10,580</u>	<u>\$240,580</u>
	<u>\$230,000</u>	<u>\$10,580</u>	<u>\$240,580</u>

The long-term note payable balance of \$661,403 at September 30, 2003 is a note payable to Jacklin Land Company, L.P., with no interest. The loan was made in order to cover the cash flow requirement for payment of the August 1, 2000, 2001, 2002 and 2003 bond payments on the Riverbend Project Bonds. The debt will not be repaid until after revenues have been received by the Agency in excess of debt service payments on the Series 1998 Bonds.

The general long-term debt as of September 30, 2003 is as follows:

<u>Revenue Allocation Bonds</u>	<u>Balance Outstanding 9/30/02</u>	<u>Issued During Year</u>	<u>Retired During Year</u>	<u>Balance Outstanding 9/30/03</u>
Notes payable	\$477,410	\$183,993		\$661,403
1998 Series	<u>455,000</u>	<u>          </u>	<u>\$225,000</u>	<u>230,000</u>
	<u>\$ 932,410</u>	<u>\$183,993</u>	<u>\$220,000</u>	<u>\$891,403</u>

#### Agency Cash and Investments

The Agency 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 combined balance sheet as "Cash and Investments".

Cash and Investments are comprised of the following at September 30, 2003:

Deposits with financial institutions:	
Demand deposit	\$ 41,398
Investments	<u>530,149</u>
Total	<u>\$571,547</u>

Cash and investments are reflected as follows:

Cash and Investments	<u>\$571,494</u>
Total	<u>\$571,494</u>

**City of Post Falls**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2003**

**NOTE 10: COMPONENT UNIT DISCLOSURES (Continued)**

Deposits

The carrying amount of the Agency's deposits with financial institutions was \$571,494 and the bank balance was \$571,547. The bank balance is categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the Agency in its name	\$571,547
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Agency's name)	_____
Total bank balance	<u>\$571,547</u>

Investments

The Agency's investments are categorized as follows:

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 counterparty's trust department or agent in the Agency's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its agent but not in the Agency's name.

At September 30, 2003, the carrying amount and fair value of the investments were:

	<u>Categories</u>			<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Investments not subject to categorizations:					
Idaho State Treasurer's Local Government Investment Pool, variable interest rate				\$ 530,148	\$ 530,148
Funds held in the Agency's name by US Bank Corporate Trust Services				<u>1</u>	<u>1</u>
Total investments				<u>\$530,149</u>	<u>\$530,149</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

#### NOTE 11: EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS

The following funds had expenditures in excess of budget:

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>
Special Revenue:		
Cemetery Perpetual Care		\$3,759
Street Lights	\$172,800	\$173,359
911 Support	\$27,000	\$138,246
School Resource/DARE	\$5,000	\$6,107
LID 99-1 Fund:	\$900,000	\$1,524,217

The over expenditures in all of the funds occurred because their budgets were not amended during the year to handle the resultant over expenditures. In all cases, adequate cash was available to handle the additional costs.

The over expenditure in Cemetery Perpetual Care was due to a purchase for the Veteran's Memorial. The over expenditure in Street Lights was caused from an increase in the number of street lights served. The over expenditure in 911 Support was due to the completion of the new police facility. The over expenditure in School Resource/DARE was due to an unanticipated grant being received. The over expenditure in LID 99-1 was due to incorrect budget numbers.

#### NOTE 12: DEFICIT FUND EQUITY

The following funds had a deficit fund equity at September 30, 2003:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Cemetery/Perpetual Care	\$ <u>27,245</u>
Debt Service:	
LID 99-1	\$ <u>1,056,498</u>

Management is aware of these deficits and is taking appropriate action.

#### NOTE 13: COMMITMENTS AND CONTINGENCIES

Commitments – The City has started the process of adding additional water capacity. Planning took place during last fiscal year and the option to finance the project through DEQ was approved by Council. The City has borrowed \$829,684 towards this project. This project is scheduled to be completed in FY 04. The City is also working on a couple of sewer projects. The first project is a ditch aeration, and the second project is adding sewer line along Highway 41. The second project will eventually be combined into an LID. The project construction is estimated to begin in FY 05.

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

### NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

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 and does not believe that they 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 reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

### NOTE 14: 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 15: OPERATING TRANSFERS:

The composition of interfund transfers as of September 30, 2003, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,045,112	
Capital Fund		\$ 237,890
Nonmajor Governmental Funds	2,859	13,859
Enterprise Funds		<u>796,222</u>
Totals	<u>\$1,047,971</u>	<u>\$1,047,971</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, sewer, and sanitation). The principal purpose for the transfer of funds from the Capital fund to the General fund was to cover the lease costs on the new police station. A portion of the new police station is paid for with impact fees collected in the capital fund. 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. The fund transfer within the nonmajor funds was to cover the payoff of CLID#1 bonds.

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2003

### NOTE 16: INTERFUND RECEIVABLES/PAYABLES:

The composition of interfund balances as September 30, 2003 is as follows:

Interfund receivable/payable:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$1,021,719	
Debt Service – LID 96-1		\$ 43,127
Debt Service – LID 99-1		988,714
Nonmajor Governmental Funds	<u>43,164</u>	<u>33,042</u>
Totals	<u>\$1,064,883</u>	<u>\$1,064,883</u>

The principal purpose for the interfund/payables in the City are to cover negative cash balances are year-end. These are short-term interfund/payables and are intended to be corrected within the next fiscal year. The only exception to this is a borrowing from the Cemetery fund to the General fund that is to be paid over the next five to ten years. The current amount owed is \$33,005.

### NOTE 17: 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.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2003

#### NOTE 17: RISK MANAGEMENT (Continued)

Last the City contracts with a broker, to help provide the City with 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.

# **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.

School Resource/DARE - accounts for the grant and donations support of this program administered in the Post Falls School District.

## **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.

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

LID 91-4 - accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

LID 91-1 - accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

CLID #2 - accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

LID 89-1 – 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, 2003

	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	School Resource Dare	CLID #1	LID 91-4	LID 91-1	CLID #2	LID 89-1	LID Guarantee			
<b>Assets</b>																
Cash	\$ 5,760	\$ 1,434	\$ 1,380	\$ 49,892	\$ 62,273	\$ 39,468	\$ 6,041		\$ 3,267	\$ 40,018	\$ 95,988	\$ 1,408	\$ 74,107	\$ 381,036		
Accounts receivable:																
Loans receivable								\$ 37		240	16,401			96,416		
Miscellaneous		96,416												16,678		
Customers														18,969		
Other governments						9,910								9,910		
Assessments - delinquent								34		142	14,425			14,601		
- deferred										11,039	80,984	1,310		93,333		
Interfund receivables													43,164	43,164		
Accrued interest										1	2		2	8		
<b>Total assets</b>	<u>\$ 5,760</u>	<u>\$ 97,850</u>	<u>\$ 1,380</u>	<u>\$ 49,893</u>	<u>\$ 81,243</u>	<u>\$ 49,379</u>	<u>\$ 6,041</u>	<u>\$ 71</u>	<u>\$ 3,267</u>	<u>\$ 51,440</u>	<u>\$ 207,800</u>	<u>\$ 2,718</u>	<u>\$ 117,273</u>	<u>\$ 674,115</u>		
<b>Liabilities and Fund balances</b>																
<b>Liabilities:</b>																
Accounts payable	\$ 33,005				\$ 5,104	\$ 13,642		\$ 37		\$ 11,182	\$ 618			\$ 19,364		
Interfund payable		\$ 94,611						34		95,409		\$ 1,310		33,042		
Deferred revenue		94,611			5,104	13,642		71		11,182	96,027			202,546		
<b>Total liabilities</b>	<u>\$ 33,005</u>	<u>\$ 94,611</u>	<u>\$ 5,104</u>	<u>\$ 13,642</u>	<u>\$ 25,812</u>	<u>\$ 27,284</u>	<u>\$ 6,041</u>	<u>\$ 108</u>	<u>\$ 3,267</u>	<u>\$ 111,773</u>	<u>\$ 97,653</u>	<u>\$ 1,408</u>	<u>\$ 117,273</u>	<u>\$ 419,163</u>		
<b>Fund balances:</b>																
Undesignated	(27,245)	3,239	1,380	49,893	76,139	35,737	6,041		\$ 3,267	40,258	111,773	1,408	\$ 117,273	419,163		
<b>Total fund balances</b>	<u>(27,245)</u>	<u>3,239</u>	<u>1,380</u>	<u>49,893</u>	<u>76,139</u>	<u>35,737</u>	<u>6,041</u>	<u></u>	<u>3,267</u>	<u>40,258</u>	<u>111,773</u>	<u>1,408</u>	<u>117,273</u>	<u>419,163</u>		
<b>Total liabilities and fund balances</b>	<u>\$ 5,760</u>	<u>\$ 97,850</u>	<u>\$ 1,380</u>	<u>\$ 49,893</u>	<u>\$ 81,243</u>	<u>\$ 49,379</u>	<u>\$ 6,041</u>	<u>\$ 71</u>	<u>\$ 3,267</u>	<u>\$ 51,440</u>	<u>\$ 207,800</u>	<u>\$ 2,718</u>	<u>\$ 117,273</u>	<u>\$ 674,115</u>		

**City of Post Falls**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Nonmajor Government Funds**  
**For the fiscal year ended September 30, 2003**

	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	School Resource Base	CLID #1	LID 91-4	LID 91-1	CLID #2	LID 89-1		LID Guarantee	
<b>Revenues:</b>															
Taxes															
Charges-services/program remittances				\$ 25,845	\$ 195,258	\$ 118,920	\$ 7,165							\$ 221,103	
Other revenue	\$ 20,904		\$ 616	525										148,130	
Principal	148	\$ 30	24	1,040	1,321	1,434	112							91,459	
Interest	21,052	30	640	27,410	196,579	120,354	7,277						\$ 2,493	25,002	
Total revenues								37	26,859	6,928	75,660	375	2,493	486,694	
<b>Expenditures:</b>															
Current:															
General government										800	2,500			3,660	
Highways and public works														209,078	
Culture and recreation				18,110		29,611	6,108							18,110	
Debt service:															
Principal															
Interest	2,373			2,290		108,635				20,000	80,000			145,000	
Capital outlay	1,386			20,400		138,246			1,960	7,950	14,048			27,021	
Total expenditures	3,759				173,359		6,108	10,690	37,310	28,750	96,548			112,311	
<b>Excess (deficiency) of revenues over expenditures</b>	17,293	30	640	7,010	23,220	(17,892)	1,169	(10,653)	(10,451)	(21,822)	(19,888)	375	2,493	(28,476)	
<b>Other financing sources (uses):</b>															
Transfers in															
Transfers out					(11,000)			2,859					(2,859)	2,859	
Total other financing sources (uses)					(11,000)			2,859					(2,859)	(11,000)	
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	17,293	30	640	7,010	12,220	(17,892)	1,169	(7,794)	(10,451)	(21,822)	(19,888)	375	(366)	(39,476)	
<b>Fund balances, beginning</b>	(44,538)	3,209	740	42,883	63,919	53,629	4,872	7,794	13,718	62,080	131,661	1,033	117,639	458,639	
<b>Fund balances, ending</b>	<u>\$(27,245)</u>	<u>\$ 3,239</u>	<u>\$ 1,380</u>	<u>\$ 49,893</u>	<u>\$ 76,139</u>	<u>\$ 35,737</u>	<u>\$ 6,041</u>	<u>\$</u>	<u>\$ 3,267</u>	<u>\$ 40,258</u>	<u>\$ 111,773</u>	<u>\$ 1,408</u>	<u>\$ 117,273</u>	<u>\$ 419,163</u>	

**City of Post Falls  
Cemetery Perpetual Care Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances--Budget and Actual  
For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Other revenue	\$ 35,000	\$ 20,904	\$ (14,096)
Interest		148	148
Total revenues	<u>35,000</u>	<u>21,052</u>	<u>(13,948)</u>
<b>Expenditures:</b>			
Debt service:			
Interest		2,373	(2,373)
Capital Outlay		1,386	(1,386)
Total expenditures		<u>3,759</u>	<u>(3,759)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>35,000</u>	<u>17,293</u>	<u>(17,707)</u>
<b>Other financing (uses):</b>			
Operating transfers out	<u>(35,000)</u>		<u>35,000</u>
Total other financing (uses)	<u>(35,000)</u>		<u>35,000</u>
<b>Excess (deficiency) of revenues over expenditures and other financing (uses)</b>		17,293	17,293
<b>Fund balances, beginning</b>	<u>(44,538)</u>	<u>(44,538)</u>	
<b>Fund balances, ending</b>	<u>\$ (44,538)</u>	<u>\$ (27,245)</u>	<u>\$ 17,293</u>

**City of Post Falls**  
**HUD Loan Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances--Budget and Actual**  
**For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Interest		\$ 30	\$ 30
Total revenues		30	30
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		30	30
<b>Other financing sources (uses):</b>			
Total other financing sources (uses)			
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</b>		30	30
<b>Fund balances, beginning</b>	\$ 3,209	3,209	
<b>Fund balances, ending</b>	\$ 3,209	\$ 3,239	\$ 30

**City of Post Falls  
Falls Park Signs Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances--Budget and Actual  
For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Other revenue		\$ 616	\$ 616
Interest		23	23
Total revenues		<u>639</u>	<u>639</u>
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over expenditures</b>		<u>639</u>	<u>639</u>
<b>Other financing (uses):</b>			
Total other financing (uses)			
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</b>		639	639
<b>Fund balances, beginning</b>	\$ 740	<u>740</u>	
<b>Fund balances, ending</b>	<u>\$ 740</u>	<u>\$ 1,379</u>	<u>\$ 639</u>

**City of Post Falls**  
**Special Events Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances--Budget and Actual**  
**For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Charges-services/programs	\$ 25,900	\$ 25,845	\$ (55)
Other revenue	3,700	525	(3,175)
Interest		1,040	1,040
Total revenues	<u>29,600</u>	<u>27,410</u>	<u>(2,190)</u>
<b>Expenditures:</b>			
Culture and recreation	26,100	18,110	7,990
Capital outlay	3,500	2,290	1,210
Total expenditures	<u>29,600</u>	<u>20,400</u>	<u>9,200</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		7,010	7,010
<b>Other financing (uses):</b>			
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>		7,010	7,010
<b>Fund balances, beginning</b>	<u>42,883</u>	<u>42,883</u>	
<b>Fund balances, ending</b>	<u>\$ 42,883</u>	<u>\$ 49,893</u>	<u>\$ 7,010</u>

**City of Post Falls**  
**Street Lights Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances--Budget and Actual**  
**For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Charges-services/programs	\$ 181,800	\$ 195,258	\$ 13,458
Other revenue			
Interest	2,000	1,321	(679)
Total revenues	<u>183,800</u>	<u>196,579</u>	<u>12,779</u>
<b>Expenditures:</b>			
Highways and public works	172,800	173,359	(559)
Capital outlay			
Total expenditures	<u>172,800</u>	<u>173,359</u>	<u>(559)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>11,000</u>	<u>23,220</u>	<u>12,220</u>
<b>Other financing sources (uses):</b>			
Operating transfers out	(11,000)	(11,000)	
Total other financing sources (uses)	<u>(11,000)</u>	<u>(11,000)</u>	
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>		12,220	12,220
<b>Fund balances, beginning</b>	<u>63,919</u>	<u>63,919</u>	
<b>Fund balances, ending</b>	<u>\$ 63,919</u>	<u>\$ 76,139</u>	<u>\$ 12,220</u>

**City of Post Falls**  
**911 Support Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances--Budget and Actual**  
**For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Other revenue	\$ 27,000	\$ 118,920	\$ 91,920
Interest		1,434	1,434
Total revenues	<u>27,000</u>	<u>120,354</u>	<u>93,354</u>
<b>Expenditures:</b>			
Public safety	27,000	29,611	(2,611)
Capital outlay		108,635	(108,635)
Total expenditures	<u>27,000</u>	<u>138,246</u>	<u>(111,246)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>(17,892)</u>	<u>(17,892)</u>
<b>Other financing (uses):</b>			
Total other financing (uses)			
<b>Excess of revenues and other financing sources over (under) expenditures and other financing (uses)</b>		(17,892)	(17,892)
<b>Fund balances, beginning</b>	<u>53,629</u>	<u>53,629</u>	
<b>Fund balances, ending</b>	<u>\$ 53,629</u>	<u>\$ 35,737</u>	<u>\$ (17,892)</u>



**City of Post Falls**  
**School Resource/DARE Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances--Budget and Actual**  
**For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Other revenue	\$ 500	\$ 7,165	\$ 6,665
Interest		112	112
Total revenues	<u>500</u>	<u>7,277</u>	<u>6,777</u>
<b>Expenditures:</b>			
Public safety	<u>5,000</u>	<u>6,107</u>	<u>(1,107)</u>
Total expenditures	<u>5,000</u>	<u>6,107</u>	<u>(1,107)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(4,500)</u>	<u>1,169</u>	<u>5,669</u>
<b>Other financing sources (uses):</b>			
Total other financing sources (uses)			
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>	<u>(4,500)</u>	<u>1,169</u>	<u>5,669</u>
<b>Fund balances, beginning</b>	<u>4,872</u>	<u>4,872</u>	
<b>Fund balances, ending</b>	<u>\$ 372</u>	<u>\$ 6,041</u>	<u>\$ 5,669</u>

**City of Post Falls  
CLID #1 Debt Service Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances--Budget and Actual  
For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Principal		\$ 34	\$ 34
Interest	\$ 25	3	(22)
Total revenues	<u>25</u>	<u>37</u>	<u>12</u>
<b>Expenditures:</b>			
General governmental			
Debt service - principal	10,000	10,000	
- interest	690	690	
Total expenditures	<u>10,690</u>	<u>10,690</u>	
<b>Excess (deficiency) of revenues over expenditures</b>	(10,665)	(10,653)	12
<b>Other financing sources (uses):</b>			
Operating transfers in		2,859	2,859
Total other financing sources (uses)		<u>2,859</u>	<u>2,859</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</b>	(10,665)	(7,794)	2,871
<b>Fund balances, beginning</b>	<u>7,794</u>	<u>7,794</u>	
<b>Fund balances, ending</b>	<u>\$ (2,871)</u>	<u>\$</u>	<u>\$ 2,871</u>

**City of Post Falls**  
**LID 91-4 Debt Service Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances--Budget and Actual**  
**For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Principal	\$ 15,000	\$ 24,983	\$ 9,983
Interest	5,000	1,876	(3,124)
Total revenues	<u>20,000</u>	<u>26,859</u>	<u>6,859</u>
<b>Expenditures:</b>			
General governmental	350	350	
Debt service - principal	35,000	35,000	
- interest	1,960	1,960	
Total expenditures	<u>37,310</u>	<u>37,310</u>	
<b>Excess (deficiency) of revenues over expenditures</b>	(17,310)	(10,451)	6,859
<b>Fund balances, beginning</b>	<u>13,718</u>	<u>13,718</u>	
<b>Fund balances, ending</b>	<u>\$ (3,592)</u>	<u>\$ 3,267</u>	<u>\$ 6,859</u>

**City of Post Falls  
LID 91-1 Debt Service Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances--Budget and Actual  
For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Principal	\$ 8,000	\$ 4,286	\$ (3,714)
Interest	3,000	2,642	(358)
Total revenues	<u>11,000</u>	<u>6,928</u>	<u>(4,072)</u>
 <b>Expenditures:</b>			
General governmental	800	800	
Debt service - principal	20,000	20,000	
- interest	7,950	7,950	
Total expenditures	<u>28,750</u>	<u>28,750</u>	
 <b>Excess (deficiency) of revenues over expenditures</b>	 (17,750)	 (21,822)	 (4,071)
 <b>Fund balances, beginning</b>	 <u>62,080</u>	 <u>62,080</u>	
 <b>Fund balances, ending</b>	 <u>\$ 44,330</u>	 <u>\$ 40,258</u>	 <u>\$ (4,071)</u>

**City of Post Falls**  
**CLID # 2 Debt Service Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances--Budget and Actual**  
**For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Principal	\$ 42,000	\$ 61,929	\$ 19,929
Interest	17,860	14,730	(3,130)
Total revenues	<u>59,860</u>	<u>76,660</u>	<u>16,800</u>
<b>Expenditures:</b>			
General governmental	2,500	2,500	
Debt service - principal	80,000	80,000	
- interest	14,048	14,048	
Total expenditures	<u>96,548</u>	<u>96,548</u>	
<b>Excess (deficiency) of revenues over expenditures</b>	(36,688)	(19,888)	16,800
<b>Fund balances, beginning</b>	<u>131,661</u>	<u>131,661</u>	
<b>Fund balances, ending</b>	<u>\$ 94,973</u>	<u>\$ 111,773</u>	<u>\$ 16,800</u>

**City of Post Falls  
LID 89-1 Debt Service Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances--Budget and Actual  
For the fiscal years ended September 30, 2003**

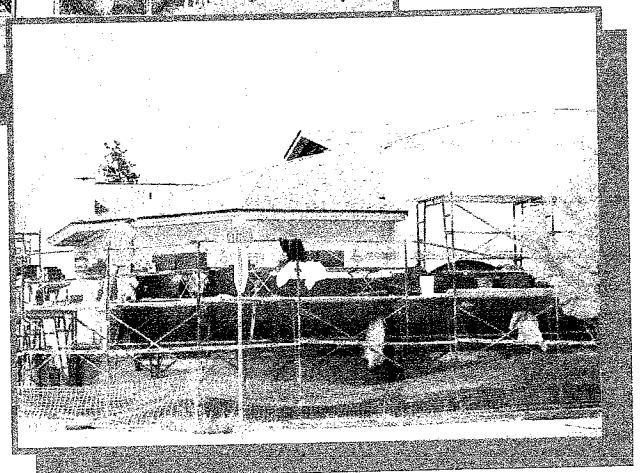
	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Principal		\$ 226	\$ 226
Interest		149	149
Total revenues		<u>375</u>	<u>375</u>
<b>Expenditures:</b>			
General governmental			
Debt service - principal			
- interest			
Total expenditures			
<b>Excess (deficiency) of revenues over expenditures</b>		375	375
<b>Other financing sources:</b>			
Operating transfers in			
Total other financing sources (uses)			
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</b>		375	375
<b>Fund balances, beginning</b>	\$ 1,033	<u>1,033</u>	
<b>Fund balances, ending</b>	<u>\$ 1,033</u>	<u>\$ 1,408</u>	<u>\$ 375</u>

**City of Post Falls**  
**LID Guarantee Debt Service Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances--Budget and Actual**  
**For the fiscal years ended September 30, 2003**

	2003		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Taxes			
Interest		\$ 2,493	\$ 2,493
Total revenues		<u>2,493</u>	<u>2,493</u>
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over expenditures</b>		2,493	2,493
<b>Other financing sources:</b>			
Operating transfers out		(2,859)	(2,859)
Total other financing sources (uses)		<u>(2,859)</u>	<u>(2,859)</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</b>		(366)	(366)
<b>Fund balances, beginning</b>	\$ 117,639	117,639	
<b>Fund balances, ending</b>	<u>\$ 117,639</u>	<u>\$ 117,273</u>	<u>\$ (366)</u>

# CITY OF POST FALLS, IDAHO

## *Statistical Section*



ABOVE: Post Falls is a growing and thriving community for residents and businesses.





**City of Post Falls**  
**General Governmental Expenditures By Function**  
**Last Ten Fiscal Years**

	General Government	Public Safety	Highways & Public Works	Culture And Recreation	Capital Outlays	Debt Service	Total Expenditures
1993-94	\$2,189,010	\$1,442,909	\$742,403	\$369,056	\$414,287	\$82,721	\$5,240,386
1994-95	\$1,792,715	\$1,749,996	\$855,071	\$536,345	\$926,226	\$113,872	\$5,974,225
1995-96	\$1,926,726	\$1,832,621	\$1,165,420	\$582,777	\$375,053	\$354,159	\$6,236,756
1996-97	\$1,789,099	\$2,005,513	\$1,296,461	\$598,956	\$523,530	\$329,553	\$6,543,113
1997-98	\$1,955,171	\$2,128,126	\$1,927,708	\$676,318	\$806,999	\$268,813	\$7,763,135
1998-99	\$2,116,467	\$2,194,066	\$949,289	\$671,279	\$2,540,527	\$923,842	\$9,395,470
1999-00	\$2,419,524	\$2,249,065	\$1,048,887	\$719,488	\$1,219,679	\$525,324	\$8,181,967
2000-01	\$2,571,361	\$2,381,335	\$1,136,381	\$758,193	\$1,279,537	\$498,315	\$8,625,122
2001-02	\$2,943,384	\$2,603,846	\$2,487,208	\$869,370	\$2,449,428	\$507,137	\$11,860,373
2002-03	\$3,283,259	\$2,776,302	\$2,785,694	\$931,638	\$3,708,335	\$874,972	\$14,360,200

## NOTES:

(1) Includes the General, Special Revenue, Capital Projects and Debt Service Funds

Table # 2

**City of Post Falls**  
**General Governmental Revenues By Source**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes	Special Assessments	Intergovernmental	Charges For Services	Miscellaneous	Total
1993-94	\$2,023,215	\$144,850	\$1,368,213	\$871,179	\$825,637	\$5,233,094
1994-95	\$2,505,970	\$145,907	\$1,064,401	\$857,820	\$580,059	\$5,154,157
1995-96	\$2,588,554	\$180,156	\$1,192,470	\$874,351	\$540,443	\$5,375,974
1996-97	\$2,692,551	\$122,027	\$1,456,277	\$915,443	\$489,965	\$5,676,263
1997-98	\$2,828,014	\$127,020	\$1,662,858	\$1,070,906	\$2,531,773	\$8,220,571
1998-99	\$3,299,035	\$245,502	\$2,027,230	\$1,518,433	\$507,516	\$7,597,716
1999-00	\$3,486,218	\$123,554	\$2,159,833	\$1,565,164	\$666,910	\$8,001,679
2000-01	\$3,833,894	\$125,661	\$2,390,805	\$1,597,607	\$756,662	\$8,704,629
2001-02	\$4,361,376	\$107,236	\$3,588,311	\$1,723,947	\$588,896	\$10,369,766
2002-03	\$4,730,516	\$162,658	\$2,618,459	\$2,371,648	\$579,474	\$10,462,755

## NOTES:

(1) Includes the General, Special Revenue, Capital Projects and Debt Service Funds

**CITY OF POST FALLS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

**TABLE #3**

TAX YEAR	TOTAL TAX LEVY	FISCAL YEAR TAX COLLECTIONS	% OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	% OF TOTAL COLLECTION TO LEVY	ADJUSTMENTS	OUTSTANDING DELINQUENT TAXES	% OF DELINQUENT TO LEVY
1993	\$1,992,026	\$1,469,876	73.79%	\$493,013	\$1,962,889	98.54%	(\$3,382)	\$25,755	1.30%
1994	\$2,349,312	\$1,967,905	83.77%	\$219,772	\$2,187,677	93.12%	(\$7,252)	\$154,384	6.59%
1995	\$2,429,200	\$2,335,586	96.15%	\$160,478	\$2,496,064	102.75%	(\$3,585)	\$116,322	4.80%
1996	\$2,599,770	\$2,536,953	97.58%	(\$56,785)	\$2,480,168	95.40%	(\$1,598)	\$118,004	4.54%
1997	\$2,713,597	\$2,629,635	96.91%	\$59,293	\$2,688,928	99.09%	(\$4,472)	\$79,491	2.93%
1998	\$3,211,944	\$3,053,838	95.08%	\$150,489	\$3,204,327	99.76%	(\$7,617)	\$57,673	1.80%
1999	\$3,368,327	\$3,183,069	94.50%	\$77,407	\$3,260,476	96.80%	(\$5,903)	\$157,175	4.67%
2000	\$3,631,687	\$3,504,567	96.50%	\$64,541	\$3,569,108	98.28%	(\$6,202)	\$120,918	3.34%
2001	\$3,896,692	\$3,646,882	93.59%	\$80,163	\$3,727,045	95.65%	(\$18,108)	\$151,539	3.91%
2002	\$4,430,009	\$4,148,223	93.64%	\$79,042	\$4,227,265	95.42%	(\$14,958)	\$268,622	6.08%

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

Tax Year	Assessed Valuation	Exemptions	Net Taxable Value	Valuation Increase		Tax Rate Per \$1,000 Value
				Amount	Percentage	
1993	359,943,377	67,217,184	292,726,193	70,167,697	31.53%	6.81
1994	424,346,760	76,882,272	347,464,488	54,738,295	18.70%	6.76
1995	573,920,618	103,752,421	470,168,197	122,703,709	35.31%	5.18
1996	656,498,967	113,951,342	542,547,625	72,379,428	15.39%	4.80
1997	695,182,787	122,678,457	572,504,350	29,956,725	5.52%	4.74
1998	742,251,793	132,469,458	609,782,335	37,277,985	6.51%	5.27
1999	791,143,568	140,866,247	650,277,321	40,494,986	6.64%	5.18
2000	841,776,651	152,996,162	688,780,489	38,503,168	5.92%	5.28
2001	892,717,766	162,554,696	730,163,070	41,382,581	6.01%	5.34
2002	1,007,449,488	177,060,965	830,388,523	100,225,453	13.73%	5.33

Table #5

**City of Post Falls  
Property Tax Rates  
Direct and Overlapping Governments  
FY 1993 thru 2002**

Governmental Unit	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
City of Post Falls	5.33	5.34	5.28	5.18	5.27	4.74	4.80	5.18	6.76	6.81
%CHANGE	-0.19%	1.14%	1.90%	-1.70%	11.13%	-1.17%	-7.24%	-23.43%	-0.64%	-0.76%
North Idaho College	0.77	0.77	0.94	1.03	1.03	1.03	1.21	1.34	1.72	1.73
Kootenai County	3.14	3.43	3.92	3.73	3.32	3.21	3.26	3.51	4.45	4.63
Kootenai Hospital District	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13	0.16
Kootenai Ambulance District	0.33	0.15	0.13	0.15	0.15	0.14	0.14	0.15	0.21	0.18
School District #273	6.18	6.08	5.85	5.95	5.29	4.57	4.79	4.87	6.81	6.21
Post Falls Highway District #1	0.6	0.65	0.66	0.67	0.68	0.69	0.68	0.82	1.04	1.11
Post Falls Fire District	1.69	1.67	1.50	1.21	1.26	1.26	1.21	1.36	1.65	1.71
Total	18.04	18.17	18.35	17.92	17.00	15.65	16.10	17.23	22.77	22.53
% CHANGE FOR TOTAL	-0.72%	-0.98%	2.40%	5.41%	8.63%	-5.54%	-6.54%	-24.33%	1.06%	1.13%

**Notes:**

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

Table # 6

**City of Post Falls  
Assessments Receivable and Collected  
Last Ten Fiscal Years**

Fiscal Year	Assessments Receivable		Current & Delinquent Collections		Total Collections
	Delinquent	Deferred	Collected	Penalties & Interest Collected	
1994	2,661	405,492	95,061	49,789	144,850
1995	3,294	971,754	188,720	24,614	213,334
1996	18,563	776,330	180,156	53,414	233,570
1997	15,526	656,817	122,027	56,960	178,987
1998	6,062	535,398	127,021	53,938	180,959
1999	14,382	857,618	245,502	36,017	281,519
2000	30,579	656,850	123,554	53,273	176,827
2001	53,718	545,116	125,661	50,210	175,871
2002	48,921	438,028	107,236	36,114	143,350
2003	\$65,070	\$316,508	\$162,658	\$34,242	\$196,900

Source: City of Post Falls

**City of Post Falls  
Bonded Debt  
Direct and Overlapping Governments  
September 30, 2003**

**Table # 7**

Governmental Unit	Gross Debt	Government's Net Market Value	Percentage Applicable to City	City Share of Debt
City of Post Falls	\$ 4,383,980	\$ 830,388,523	100.0%	<u>\$ 4,383,980</u>
Kootenai County		6,442,712,142	12.9%	
School District #273	25,575,000	1,196,942,034	69.4%	17,742,870
Post Falls Fire District	1,495,000	1,729,190,893	48.0%	<u>717,926</u>
				<u>\$ 18,460,795</u>



Table #8

**City of Post Falls  
Property Value and Construction  
Last Ten Calendar Years**

	Residential		Commercial		Industrial		Other		Total Permits	Total Construction	
	Dwelling Units	Permits	Value	Permits	Value	Permits	Value	Permits			Value
1994	590	437	43,443,471	29	7,622,516	1	3,763	339	5,466,384	467	56,536,134
1995	546	436	39,132,652	27	8,612,234			83	3,514,378	463	51,259,264
1996	362	329	25,974,314	23	6,331,820			330	2,791,487	682	35,097,621
1997	297	286	21,498,234	19	2,783,969	3	999,685	415	2,927,518	723	28,209,406
1998	298	291	25,193,960	15	2,906,641	6	2,438,309	492	4,525,496	804	35,064,406
1999	391	377	29,908,269	22	4,369,232	2	166,561	416	4,617,439	817	39,061,501
2000	297	400	27,502,425	60	5,451,857	4	235,770	208	506,431	673	33,696,483
2001	291	280	28,182,712	24	12,245,890	2	76,584	373	2,900,317	679	43,405,503
2002	379	370	39,575,650	26	18,717,530	4	685,708	481	3,543,729	881	62,522,617
2003	618	589	\$ 66,623,963	84	\$ 20,653,823	6	\$ 2,064,320	506	\$ 7,130,965	1,185	\$ 96,473,071

**Table # 9**

**City of Post Falls  
Major Tax Payers  
September 30, 2003**

<u>Taxpayer</u>	<u>Type Of Business</u>	<u>Assessed Market Value</u>	<u>Percentage Of Total Assessed Market Value</u>
Flexcel, Inc./Kimball International Mkt, Inc.	Manufacturing-Furniture	\$ 36,759,385	3.65%
Wal-Mart Real Est. Bus./Stores Inc. #3472	Retail	11,152,343	1.11%
Puryear Family LPT	Private Owner	9,502,480	0.94%
North Idaho Surgical Hospital Bldg. LLC	Medical	8,389,873	0.83%
Potlatch Corp.	Manufacturing - Wood Products	7,942,643	0.79%
Coeur d'Alene Factory Outlets Ltd Ptn	Retail	7,326,948	0.73%
Cananaugh's Hospitality Ltd. Ptn	Hotel/Motel/Restaurant	6,770,100	0.67%
Idaho Veneer Co.	Manufacturing - Wood Products	6,679,999	0.66%
Jacklin Land Company LPT	Comm. Bus. Prod. (Seed)	4,840,939	0.48%
John C. Young Etal	Retail	<u>4,460,851</u>	<u>0.44%</u>
Subtotal - Ten Of City's Largest Taxpayers		\$ 103,825,561	10.31%
All Other Taxpayers		<u>903,623,927</u>	<u>89.69%</u>
Total City Taxpayers		\$ <u>1,007,449,488</u>	<u>100.00%</u>

Source: Kootenai County Assessor

**City of Post Falls  
Statistical Information  
Water Fund  
September 30, 2003**

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

Total Revenue	\$1,321,635
Estimated number of active customers	7,200
Total water produced (thousands of gallons)	1,462,186

**Schedule of Water Rates**

Monthly Base Fee (by meter size)

1" or less	\$ 6.48	1½"	\$10.87
2"	16.15	3"	28.53
4"	46.14	6"	90.24

Metered water Usage 68¢ per 1,000 gallons

Source: City of Post Falls

**City of Post Falls  
Statistical Information  
Wastewater (Sewer) Fund  
September 30, 2003**

**Schedule of Treatment Volume**

Average Volume	2.086 million gallons per day
Total Volume	761,420,295 gallons

**Schedule of Monthly Sewer Rates**

The residential rate is \$19.33 for 94% of the City's customers.

The non-residential rate per customer is \$3.87 per 1,000 gallons of water consumption.

*Source: City of Post Falls*

**Table # 12**  
(Continued)

**City of Post Falls  
Demographic & Misc. Statistics  
September 30, 2003**

<u>Finance Services</u>	<u>Number</u>
◆ Bank & Savings Institutions (local)	8
 <u>Municipal Services</u>	
◆ Sewer System	
Treatment Plant Design Capacity	3.1 mgd
Average Daily Usage (% of capacity)	64.84%
◆ Water System	
Maximum Plant Daily Production	11,589,120 gal/day
Maximum Daily Usage	9,021,657 gal/day
Average Daily Usage	3,470,138 gal/day
Storage Capacity	2,500,000 gallons
◆ Fire Protection System	
Rating by Idaho Surveying & Rating Bureau (1 = best; 10 = worst)	4
Number of Paid and Volunteer Firefighters	42 volunteers 14 full-time
◆ Police Protection	
Number of Full-time Officers	29
Number of Sworn Officers per 1,000 population	1.6
◆ Library System	
Number of Public Libraries	1

Source: City of Post Falls, Post Falls Fire District

Table # 12

**City of Post Falls  
Demographic & Misc. Statistics  
September 30, 2003**

<u>Population</u>	19,500		
<u>Dwelling Units</u>	7,838		
<u>Health Care Facilities</u>			
Distance to Nearest Hospital	10 miles		
Ambulance Service Available	Yes		
Number of General Clinics	2		
<u>Educational Facilities</u>	<u>Average Daily 2003 Attendance (ADA)</u>	<u>Pupil/Teacher (FTE) Ratio</u>	
◆ Public Schools (District #273) Total Enrollment = 4,920	4,664	19.1	
◆ Private Schools (not all private schools report)			
Number of Schools	5		
Enrollment Total (5 report enrollment figures)	1,718		
◆ Community Colleges (nearest)	<u>Enrollment – 2003</u>	<u>Distance (in miles)</u>	
North Idaho College	4,452	10	
Spokane Community College	6,899	20	
◆ Four-Year Colleges or Universities			
Gonzaga University	5,826	20	
Whitworth College	2,298	20	
University of Idaho	12,894	87	
Eastern Washington University	9,506	35	
Washington State University (Spokane Campus)	739	20	
Washington State University (Pullman Campus)	18,622	90	

Source: City of Post Falls, Individual Educational Facilities as Listed

Table # 13

**City of Post Falls  
Computation of Legal Debt Margin  
September 30, 2003**

Assessed Valuations	
Assessed Value (00 net value)	\$ 830,388,523
Add Back Homestead Exemptions	<u>\$ 177,060,965</u>
Total Assessed Value	\$1,007,449,488
Legal Debt Margin	
Debt Limitation*: 2% of assessed market value	\$ 20,148,990
Less Debt applicable	<u>\$ 1,490,000</u>
Legal Debt Margin	\$ 18,658,990

\* Idaho Code 50-1019

Source: Kootenai County Assessor, City of Post Falls

**City of Post Falls  
Insurance Schedule  
September 30, 2003**

The City is insured through the Idaho Counties Reciprocal Management Program (ICRMP), Policy No. 0902152100192. Coverage is as follows:

	<u>Coverage</u>
Premises	\$100,000 per occurrence (\$5,000 per person)
Auto:	
Liability	\$2,000,000
Uninsured/underinsured	\$500,000
Medical	\$100,000 per accident (\$5,000 per person)
Crime	\$500,000
Law Enforcement	\$3,000,000 (\$2,000,000 per occurrence)
General Liability	\$2,000,000
Errors & Omissions	\$2,000,000 (\$2,000,000 per claim)
Flood and Earthquake	At replacement cost per statement of value

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

Source: City of Post Falls



Table # 15

**City of Post Falls  
Revenue Bond Coverage  
Sewer 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	
1994	1,502,781	446,505	1,056,276	138,756	163,542	302,298	3.49
1995	1,539,347	1,154,150	385,197	146,871	197,520	344,391	1.12
1996	1,882,248	1,013,443	868,805	442,608	256,801	699,409	1.24
1997	1,868,880	1,023,640	845,240	456,579	257,359	713,938	1.18
1998	2,001,493	1,092,914	908,579	482,173	238,445	720,618	1.26
1999	2,118,666	987,608	1,131,058	441,602	222,749	664,351	1.70
2000	2,360,050	933,090	1,426,960	521,918	201,524	723,442	1.97
2001	2,497,060	980,559	1,516,501	547,450	173,888	721,338	2.10
2002	2,648,989	1,081,199	1,567,790	568,205	149,641	717,846	2.18
2003	\$ 2,846,914	\$ 1,080,030	\$ 1,766,884	\$ 594,193	\$ 125,479	\$ 719,672	2.46

(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  
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	
1994	1,023,489	785,615	237,874	50,000	65,690	115,690	2.06
1995	1,040,840	798,397	242,443	55,000	58,422	113,422	2.14
1996	1,039,076	611,522	427,554	65,000	52,792	117,792	3.63
1997	990,236	631,997	358,239	70,000	45,915	115,915	3.09
1998	1,116,870	513,020	603,850	70,000	38,927	108,927	5.54
1999	1,184,270	507,373	676,897	80,000	31,027	111,027	6.10
2000	1,288,343	518,940	769,403	290,000	15,197	305,197	2.52
2001	1,273,899	541,972	731,927				N/A
2002	1,385,385	580,706	804,679				N/A
2003	\$ 1,520,384	\$ 656,867	\$ 863,517	\$	\$	\$	N/A

- (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  
Ratio of Annual Debt Service Expenditures for General  
Bonded Debt to General Government Expenditures  
Last Ten Fiscal Years**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service to Total General Government Expenditures
1993-94	41,058	37,969	79,027	5,240,386	1.51%
1994-95	41,589	36,088	77,677	5,974,225	1.30%
1995-96	88,053	66,137	154,190	6,236,756	2.47%
1996-97	111,589	64,804	176,393	6,543,113	2.70%
1997-98	111,589	59,478	171,067	7,763,135	2.20%
1998-99	212,589	187,902	400,491	9,395,470	4.26%
1999-00	258,040	150,445	408,485	8,181,967	4.99%
2000-01	255,000	137,633	392,633	8,625,122	4.55%
2001-02	280,000	123,976	403,976	11,860,373	3.41%
2002-03	\$ 295,000	\$ 109,935	\$ 404,935	\$ 14,608,090	2.77%

Source: City of Post Falls

Table # 18

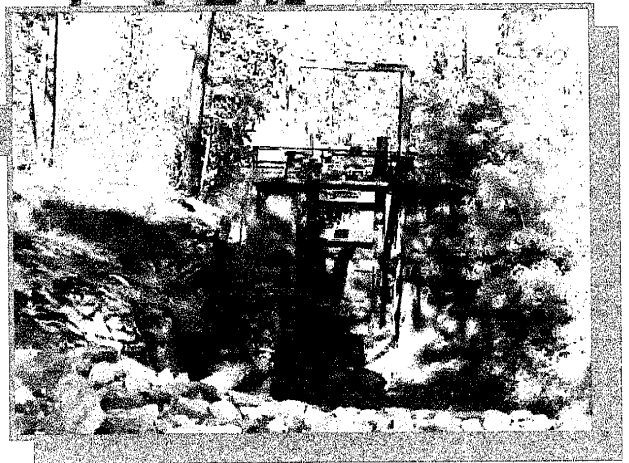
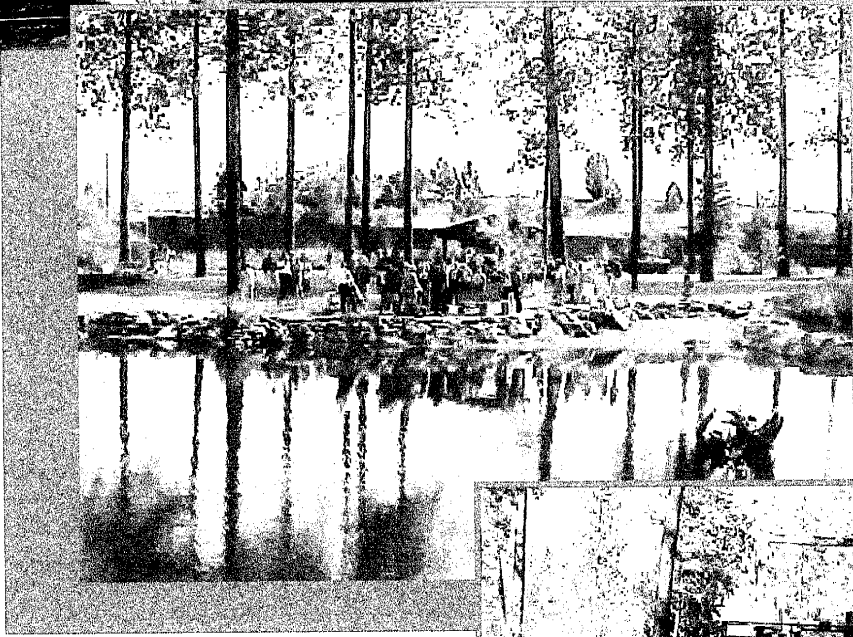
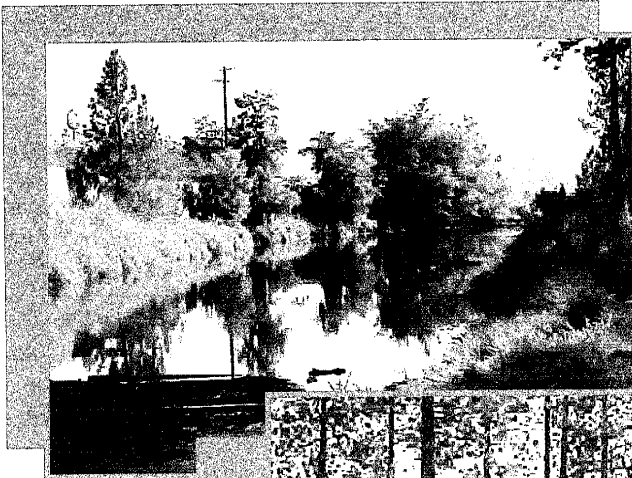
**City of Post Falls  
Ratio of General Bonded Debt To Assessed Value  
And Net Bonded Debt Per Capita  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Net Long-Term Debt</u>	<u>Ratio of Net Long-Term Debt to Assessed Value</u>	<u>Net Long-Term Debt Per Capita</u>
1993-94	12,000	359,943,377	587,062	0.16%	49
1994-95	13,000	424,346,760	1,231,938	0.29%	95
1995-96	13,500	573,920,618	1,143,885	0.20%	85
1996-97	14,500	656,498,967	1,032,296	0.16%	71
1997-98	15,000	695,182,787	2,920,707	0.42%	195
1998-99	16,684	742,251,793	3,063,041	0.41%	184
1999-00	17,500	791,143,568	2,805,001	0.35%	160
2000-01	18,000	841,776,651	2,550,001	0.30%	142
2001-02	18,281	892,717,766	2,270,001	0.25%	124
2002-03	19,500	\$ 1,007,449,488	\$ 1,975,001	0.20%	\$ 101

Source: City of Post Falls

# CITY OF POST FALLS, IDAHO

## *Audit Section*



**ABOVE:** The City of Post Falls parks system provides the community with places to recreate and enjoy the natural beauty of our region.



# Magnuson, McHugh & Company, P.A.

Certified Public Accountants

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and City Council  
City of Post Falls  
Post Falls, Idaho 83854

We have audited 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, 2003, which collectively comprise the City of Post Falls, Idaho's basic financial statements and have issued our report thereon dated January 22, 2004. 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.

### Compliance

As part of obtaining reasonable assurance about whether the City of Post Falls, Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Post Falls, Idaho's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Magnuson, McHugh & Co., P.A.*

January 22, 2004



# Magnuson, McHugh & Company, P.A.

Certified Public Accountants

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Council  
City of Post Falls  
Post Falls, Idaho 83854

### Compliance

We have audited the compliance of the City of Post Falls, Idaho with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2003. The City of Post Falls, Idaho's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Post Falls, Idaho's management. Our responsibility is to express an opinion on the City of Post Falls, Idaho's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Post Falls, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Post Falls, Idaho's compliance with those requirements.

In our opinion, the City of Post Falls, Idaho complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2003.

### Internal Control Over Compliance

The management of the City of Post Falls, Idaho is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Post Falls, Idaho's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133 (Concluded)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Magnuson, McHugh & Co., P.A.*

January 22, 2004



**City of Post Falls, Idaho**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended September 30, 2003**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Agriculture:</u>		
Cooperative Forestry Assistance	10.664	\$ <u>3,900</u>
Total Department of Agriculture		<u>3,900</u>
<u>Department of Health and Human Services:</u>		
Passed through State Department of Health & Welfare:		
Family Violence Prevention and Services/Grants	93.671	4,508
Crime Victim Assistance	16.575	<u>48,882</u>
Total Department of Health and Welfare		<u>53,390</u>
<u>Department of Housing and Urban Development:</u>		
Community Development Block Grants	14.228	<u>368,436</u>
Total Department of Housing and Urban Development		<u>368,436</u>
<u>Department of Justice:</u>		
Local Law Enforcement Block Grants Program	16.592	16,990
Rural Grant	16.589	69,377
Passed through State Department of Juvenile Corrections:		
Juvenile Accountability Incentive Block Grants	16.523	9,245
Passed through Idaho State Police:		
Byrne Formula Grant Program	16.579	35,359
Violence Against Women Formula Grants	16.588	<u>53,610</u>
Total Department of Justice		<u>184,581</u>
<u>Department of Transportation:</u>		
Highway Planning and Construction –		
PW Equipment Grant	Unknown	1,446
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	3,323
Safety Incentive Grants for Use of Seatbelts	20.604	<u>1,823</u>
Total Department of Transportation		<u>6,592</u>
<u>National Endowment for the Humanities:</u>		
State Library	45.310	<u>1,284</u>
Total National Endowment for the Humanities		<u>1,284</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b><u>\$618,183</u></b>

See accompanying "Notes to Schedule of Expenditures of Federal Awards".

## City of Post Falls, Idaho

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the year ended September 30, 2003

#### NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Post Falls, Idaho and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

City of Post Falls, Idaho

SCHEDULE OF FINDINGS  
September 30, 2003

**Section I. Summary of Audit Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
  - Reportable condition(s) identified that are not considered to be material weakness(es)  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Reportable conditions(s) identified that are not considered to be material weakness(es)?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

*CFDA Number(s)*

14.228

*Name of Federal Program or Cluster*

EDA Grant and Community Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

# City of Post Falls, Idaho

## SCHEDULE OF FINDINGS September 30, 2003

### **Section II. Findings—Financial Statements Audit**

We noted no findings relating to the financial statements, which are required to be reported in accordance with *Government Auditing Standards*.

### **Section III. Findings and Questioned Costs—Major Federal Award Programs Audit**

We noted no findings or questioned costs relating to federal awards, which are required to be reported in accordance with OMB Circular A-133, Section 510(a).



