

# CITY OF POST FALLS, IDAHO



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended  
September 30, 2008

# CITY OF POST FALLS, IDAHO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2008



Compiled By:  
**Shelly Enderud**  
**City Finance Director/Treasurer**

ABOVE: View of the new Post Falls City Hall Plaza

COVER: Post Falls City Hall Plaza

**City of Post Falls, Idaho**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2008**

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# CITY OF POST FALLS, IDAHO

## *Introductory Section*



ABOVE: New Post Falls City Hall  
INSET: Old City Hall





April 30, 2009

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, 2008, 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 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.

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

### **Governmental Structure**

The financial reporting entity, an Idaho municipality, includes all the funds of the City of Post Falls, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including water, wastewater and sanitation utilities, police, animal control, 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 the legally separate organizations for which the elected officials of the City are financially accountable for must be included in the City's financial statement as a component unit.

Under Idaho Code, in May 1991, the Post Falls City Council passed an ordinance that created the Post Falls Urban Renewal Agency (the Agency), a legally separate entity from the City. The Agency was established to promote urban development and improvement in blighted areas in and around the City. A board of seven directors, appointed by the City Council, governs the Agency. 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 25,358 in 2008. This influx of new residents has resulted in a strong construction industry, with total building permit valuations in the City exceeding \$71,349,000 for the past five years and topping \$151,903,993 in 2005. The level has decreased over the last couple of years and is anticipated to be stagnated for FY 09.

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 nearly fifteen 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), and Buck Knives brought their manufacturing headquarters (workforce of 250) to the City. Also, Wal-Mart opened its new store in January of 2002, employing a workforce of 300. Construction of a private surgical hospital was completed in 2004. Sysco foods opened their distribution plant during 2005. This project was made possible by Jobs Plus, Urban Renewal, and the City working together. Also, a community development block grant for \$500,000 was used to help fund a water tower (approximately \$1,500,000 total cost) that was needed on the west side of town for development in that area. In 2007, Cabella's opened its doors to a beautiful 130,000 square foot retail store. Considerable economic development activity transpired in Post Falls in 2008 which will pave the way to several other major businesses opening their doors in 2009 including Biopol which is a Danish pharmaceutical company, a second Super Wal Mart store that will be located near the new Cabella's, a Lowe's Home Improvement store, as well as construction on a new office campus for Chief Architect which is a high tech software company that creates and distributes home design software under the Better Homes and Gardens name. Ground Force Manufacturing, a large construction equipment manufacturer, also plans to increase their production space by 20,000 square feet in 2009 in order to meet the heavy demands for their products around the globe. The commercial sector will continue to be very active and bolster the local economy while the residential housing market normalizes itself during 2009.

## **Major Initiatives**

Growth Management – The City continues to work toward the development of a new form based code that will operate in parallel to the current Euclidean based zoning code. The new Smart Code will hopefully incentivize a more traditional neighborhood development feel with communities and individual projects which will fall under its prescriptions. The new code will hopefully be adopted and in place by the spring of 2009. This code will also assist the City in creating sustainable development projects as well as encourage more pedestrian friendly development.

Community Development continues to work on new and innovative ideas in growth management throughout the next fiscal year. This will include the creation of an annexation policy that will better help to evaluate the fiscal impact of a proposed annexation and serve as a guide for the elected officials of the community to determine the viability of an annexation proposal.

The City continues to actively work with and pursue opportunities for collaboration with the Post Falls Urban Renewal Agency. Projects are being designed for the City Center District that will continue to foster new investment and development in what is hoped to be the community's downtown. New development in the area includes a multi-tenant medical building containing family practice physicians and an optometric physician, and the consummation of an agreement with the Post Falls Chamber and the City which will allow the Chamber of Commerce to develop a new 6,000 square foot office building on the City Hall campus which will be constructed in early 2009.

A collaborative effort between the Cities of Post Falls, Hayden and Rathdrum and Kootenai County was finalized which set out to evaluate the wastewater management for the Rathdrum Prairie. This study was designed to help define the urban growth boundaries for each city and the open space component on the prairie. This study will lay the foundation for future wastewater growth on the prairie.

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

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 Water Utility Division operates two water systems to serve the City. The City main system has 9 wells and 5 reservoirs. We have a pumping capacity of 14 million gallons a day with reservoir capacity of 6.5 million gallons.

The Water Utility Division continues to install radio read meters on residential accounts in the City. This will reduce labor time to read meters for these accounts. The Division has also begun installing hydrant locks on all City owned hydrants for added security.

The Wastewater Division has spent the last year working Capital Improvement Plan for the treatment plant and collection system. We have installed a new lift station to add capacity for the growth on the west side of the City. We have bid out and will be in the construction stage early this spring for expansion of the treatment system to 4 million gallons per day. The City now has



31 lift stations to serve the community. The bio-solids from the plant are continuing to be hauled off site and processed by EKO Systems. The Wastewater Division has 628 acres for future land application for reclaimed water.

The utilities have filled a position of Environmental Coordinator to work on Industrial Pretreatment regulations, monitor our new NPDES permit for Storm Water and are actively involved in the NPDES permit process for our Wastewater Treatment Plant.

Other Community Services - The Parks and Recreation Department continues to upgrade its parks and facilities. Repairs and standardization of infrastructure to increase system efficiency, improve cost effectiveness, improve safety, reduce liability, comply with Americans with Disabilities Act (ADA) and improve aesthetics are principal goals of the department. This includes irrigation systems, picnic shelters, restroom facilities, trails and pathways, equipment, , security cameras, 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 continued need for planning and a requirement to coordinate its operations with a greater number of service partners and volunteers than in previous years. The increased number of special projects and events is another area that has had an impact upon the staff in both parks and recreation divisions this last year.

Implementing processes and services that increases the efficiency, revenue capacity and customer service of the Cemetery Division was a prime focus of 2008.

With large numbers of City owned trees and the City being designated for an eleventh year as a "Tree City USA" recipient from the National Arbor Day foundation and Association of Idaho Cities. The city also was recognized with its ninth growth award. Urban Forestry projects over the next year include removal of hazard trees to reduce liability, the planting of street trees along Seltice Way, and continued inventory and evaluation of the City's trees. 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, on-line utility payment collections, street light maintenance, and legal services.

The City has also pursued the goal of reducing costs through the centralization of office supply purchasing, computers and janitorial supplies. This has provided larger volume discounts. To further this goal, a purchasing officer position was added within the Finance Department and it has already proven successful.

## **Departmental Highlights of FY 2008**

### **Police**

- During this FY the Police Department's priority was to add additional staff. In the FY 09 budget year we were approved three additional sworn positions. Two of these positions were added to the Patrol Division and one additional Detective was hired.
- The Police Department teamed up with the Idaho Attorney General and local law enforcement to establish an Internet Crimes Against Children Task force. The

- task force has been successful and most recent the Police Department was able to solve an International Child Pornography case.
- Continue to improve our process through the use of technology. One of the primary goals in this regard will be the possible implementation of Next Generation 9-1-1. The current 9-1-1 system is designed around telephone technology and cannot handle the text, data, images and video that is increasingly common in personal communications and critical to future advances. We will work towards implementing technology that will allow citizens to report crimes using text messaging and also easily supply photos of criminal activity. This can be very helpful for someone who cannot verbally report a crime, for example someone who is hiding from an intruder or more commonly the hearing impaired. Policing continues to become more complex and we feel this enhancement to 9-1-1 will allow us to be responsive to the pending need and stay ahead of the curve.
  - Implementation of a Crime-Free Multi Housing program. The Crime Free Multi-Housing Program is a crime prevention program designed to reduce crime, drugs, and gangs on apartment properties. This program has been used successfully around the country to reduce crime.
  - We are expanding our senior volunteer program in 2009. Our volunteer program has been very successful. It allows us to provide services that would be to costly to provide without the volunteers. We feel by enhancing the program, we can expand our service with little or no additional cost. One of the greatest assets a crime fighting assets a community has is a mobilized, active group of citizens that work together to reduce conditions that are likely to bring on crime. We feel that by enhancing our Volunteers on Patrol program we can potentially reduce certain types of criminal activity within the City.

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

- The tennis courts and basketball courts at Black Bay Park were constructed in 2008 and will open in 2009.
- Worked on the Gateway Water Feature to enhance the entrance to the City.
- A playground was installed at Q'emiln Parks with ADA recognized surfacing installed under all playgrounds.
- Attendance hours for recreation programs exceeded 250,000.
- Eight new programs were added to the recreation program.
- Over 3,200 trees were given away as part of Arbor Day.
- Our Urban Forestry division conducted six tree-care educational workshops and five urban forestry presentations throughout the year.
- The cemetery division handled 71 services, 98 lot sales, 60 monument sales & 35 grave liner sales.
- Two eagle scouts projects built in city parks.
- Syringa Park was opened.

### **Public Works, Community Development**

- Finalized the calibration of the Smart Code project that will be adopted in spring 2009.
- Digitized engineering plans, plats, and as built drawings
- Enhanced GIS system to tie building, planning and engineering together leading to greater cooperation and coordination.
- Implemented the use of a fiscal impact analysis model that evaluates the financial viability of new and proposed annexations and development.

- Installing radio read meters to read water meters using less labor hours.
- Installing hydrant locks for added security of the system.
- Design and expansion of the waste treatment plant to meet the additional growth in our community.
- Continued the calibration of the Smart Code project that will be adopted in spring 2009.
- Revised the City's Impact Fee Study and related CIP to ensure that adequate funding is gleaned from new growth for future infrastructure needs.
- Refined departmental structure to better address client and work needs and requirements.

### **Administration**

- Finalized New City Hall and administration building. Moved all operating departments but Public Works and Police into the new 42,000 square foot facility.
- Worked to aggressively court new business opportunities to Post Falls including ALK Albelo (Pharmaceutical Research), Chief Architect (Software Development), Wal-Mart Super Center, Lowe's Home Improvement and Love's Travel Center.
- Initiated workshops between department heads and City Council which led to greater communication and understanding of organizational goals and objectives.

### **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 third time the City has prepared and adopted 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 ensured 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.
- ⇒ Capital Fund - This fund is established to account for all governmental fund major capital projects. These projects include street capital, park improvements and city facilities. The primary sources of revenue are from impact fees, grants and general fund transfers. The primary expenditures are for park improvements, streets and city facilities.
- ⇒ 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 fund's 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, 2008, the City of Post Falls had the following bonded debt issues outstanding:

General Obligation Bonds:	\$ 835,000
Sewer Revenue Bonds:	8,598,039
Water Bonds:	3,022,255
Special Assessment Bonds:	<u>2,335,001</u>
	<u>\$14,790,295</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 \$54,778,197 on September 30, 2008. The City's general obligation bond above is subject to this limit. Therefore, \$53,943,197 is available for future general obligation indebtedness.

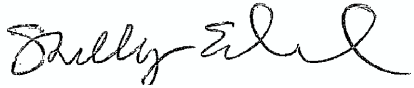
**Other Information** - Idaho State statutes require an annual audit by independent auditors. The accounting firm of Magnuson, McHugh, & Company, P.A. was selected to perform the audit with the approval of the City Council. In addition to meeting requirements set forth in the Idaho statutes, the audit 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, 2007. 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 Mayor Clay Larkin, City Administrator Eric Keck 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 black ink, appearing to read "Shelly Enderud". The signature is fluid and cursive, with a large initial "S" and a long, sweeping tail.

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, 2007

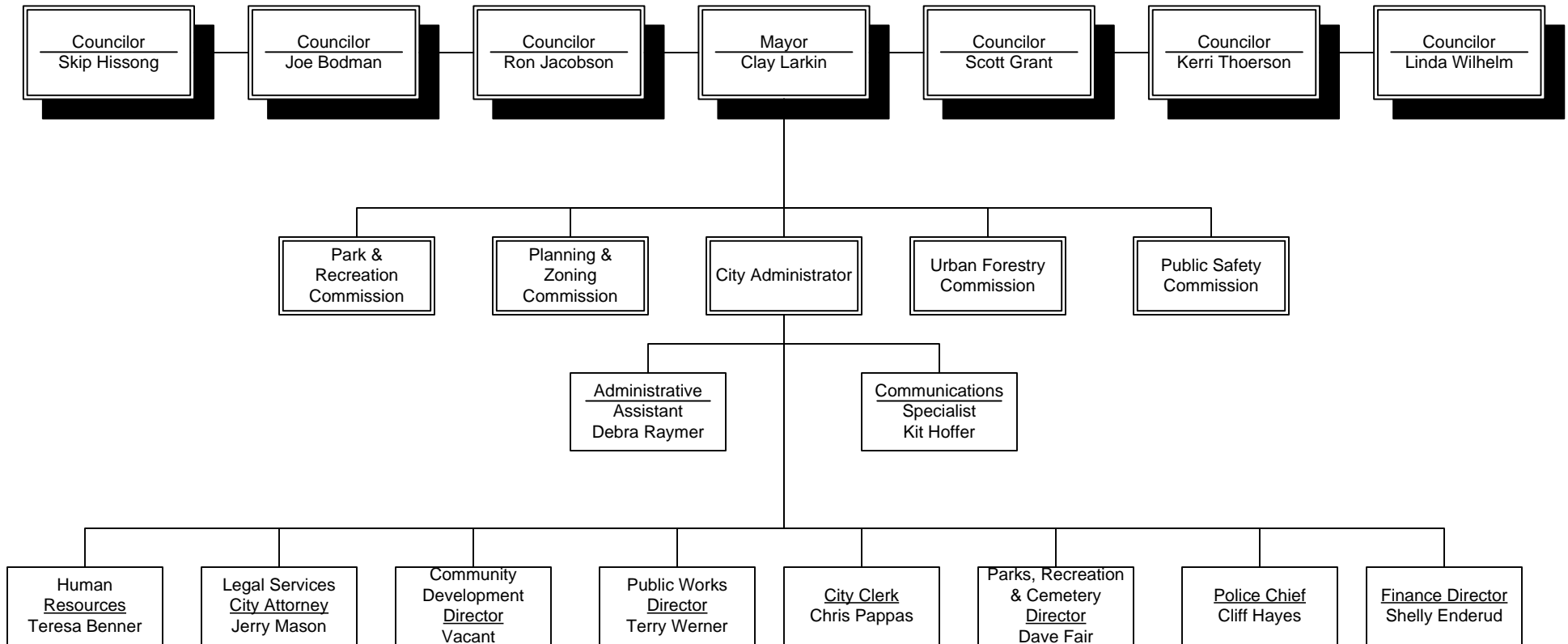
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Post Falls Organizational Chart



**CITY OF POST FALLS, IDAHO**  
**Listing of City Officials**  
**As of September 30, 2008**



**ELECTED OFFICIALS**

<b>NAME</b>	<b>OFFICE</b>	<b>OCCUPATION</b>	<b>TERM EXPIRES</b>
<b>Clay Larkin</b>	Mayor	Retired	2009
<b>Scott Grant</b>	Council President	Retired	2011
<b>Joe Bodman</b>	Council Member	Spokane Deputy Sheriff	2009
<b>Ron Jacobson</b>	Council Member	V.P. - Inland Northwest Bank	2009
<b>Kerri Thoreson</b>	Council Member	Self Employed	2011
<b>Skip Hissong</b>	Council Member	Owner - Summit Equipment	2011
<b>Linda Wilhelm</b>	Council Member	Realtor - Coldwell Banker	2009

**APPOINTED OFFICIALS**

<b><u>NAME</u></b>	<b><u>OFFICE</u></b>
<b>Eric Keck</b>	City Administrator
<b>Shelly Enderud</b>	Finance Director/Treasurer
<b>Cliff Hayes</b>	Chief of Police
<b>David Fair</b>	Parks & Recreation Director
	Community Development Director
<b>Christene Pappas</b>	City Clerk
<b>Terry Werner</b>	Public Works Director



## 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, 2008, 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, 2008, and the respective changes in changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2009 on our consideration of the City of Post Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing 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.



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## 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. The combining and individual fund financial statements and 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on them.

MAGNUSON, MCHUGH, & CO.

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

Coeur d'Alene, ID  
April 30, 2009



# 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, 2008. 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 \$144,635,023 (net assets).
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$7,109,210, or 50.6 percent of total general fund expenditures.
- The governments net assets increased by \$10,571,125. Approximately half of this increase is attributed to one-time infusions of resources from capital contributions.
- In the City's business-type activities, operating revenues increased by \$488,297 (6.2 percent) and operating expenses increased by \$422,178 (8.3 percent).
- The City completed construction of a new city hall in June 2008. During FY 08 the city expended \$5,304,900 on this project.
- During the current fiscal year, City of Post Falls' debt increased by \$2,182,530. This was primarily due to issuance of a sewer bond.
- The City of Post Falls holds an A+ bond rating with Standard & Poors.

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

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

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

The statement of net 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 sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, LID 2004-1, and the capital fund, all of which are considered to be major funds. Data from the other 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 30 of this report.

***Proprietary funds.*** The City of Post Falls maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Post Falls uses enterprise funds to account for its Water, 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 31 to 33 of this report.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 34 to 56 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**

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended September 30, 2008.

**Net Assets.** 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 \$144,635,023 at the close of the most recent fiscal year.

By far the largest portion of the City of Post Falls' net assets (69.6 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.

## City of Post Falls' Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>ASSETS</b>						
Current and other assets	\$14,627,553	\$22,004,131	\$33,293,688	\$30,637,015	\$47,921,241	\$52,641,146
Capital assets	<u>52,452,199</u>	<u>44,031,458</u>	<u>66,809,705</u>	<u>60,948,420</u>	<u>119,261,904</u>	<u>104,979,878</u>
Total assets	<u>67,079,752</u>	<u>66,035,589</u>	<u>100,103,393</u>	<u>91,585,435</u>	<u>167,183,145</u>	<u>157,621,024</u>
<b>LIABILITIES</b>						
Long-term liabilities outstanding	8,147,052	8,540,221	11,743,041	9,167,342	19,890,093	17,707,563
Other liabilities	<u>1,788,953</u>	<u>5,759,240</u>	<u>869,076</u>	<u>561,968</u>	<u>2,658,029</u>	<u>6,321,208</u>
Total liabilities	<u>9,936,005</u>	<u>14,299,461</u>	<u>12,612,117</u>	<u>9,729,310</u>	<u>22,548,122</u>	<u>24,028,771</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related						
Debt:						
Restricted	45,191,875	36,222,792	55,575,732	52,364,692	100,767,607	88,587,484
Unrestricted	3,616,343	9,482,313	10,022,627	7,657,572	13,638,970	17,139,885
Total net assets	<u>8,335,529</u>	<u>6,031,023</u>	<u>21,892,917</u>	<u>22,305,506</u>	<u>30,228,446</u>	<u>28,336,529</u>
	<u>\$57,143,747</u>	<u>\$51,736,128</u>	<u>\$87,491,276</u>	<u>\$82,327,770</u>	<u>\$144,635,023</u>	<u>\$134,063,898</u>

An additional portion of the City of Post Falls' net assets (9.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$28,336,529) 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, 88 percent of the liabilities are made up of noncurrent liabilities. This primarily represents bonds and leases discussed in Notes 6 and 7 of the notes to the financials.

**Governmental activities.** Governmental activities' key elements are broken down in the following charts. Governmental activities increased net assets by \$5,407,619 and business-type activities increased net assets by \$5,163,506.

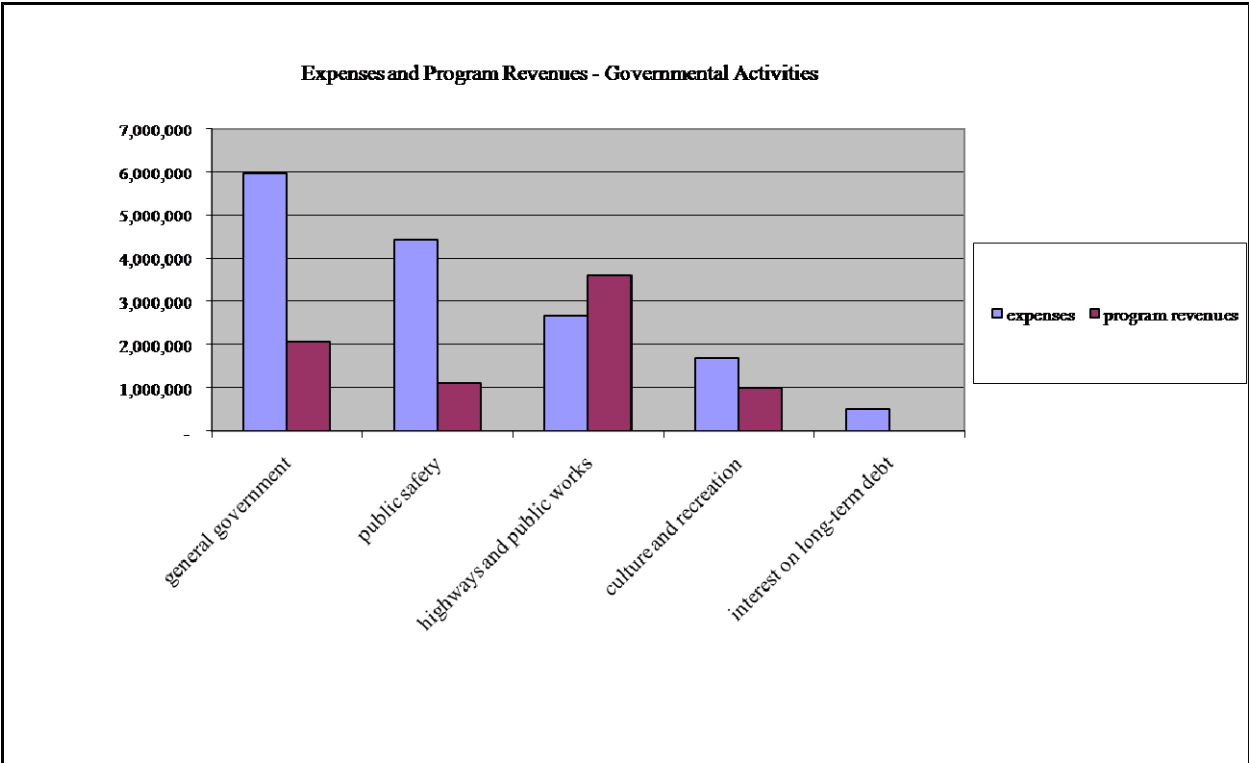
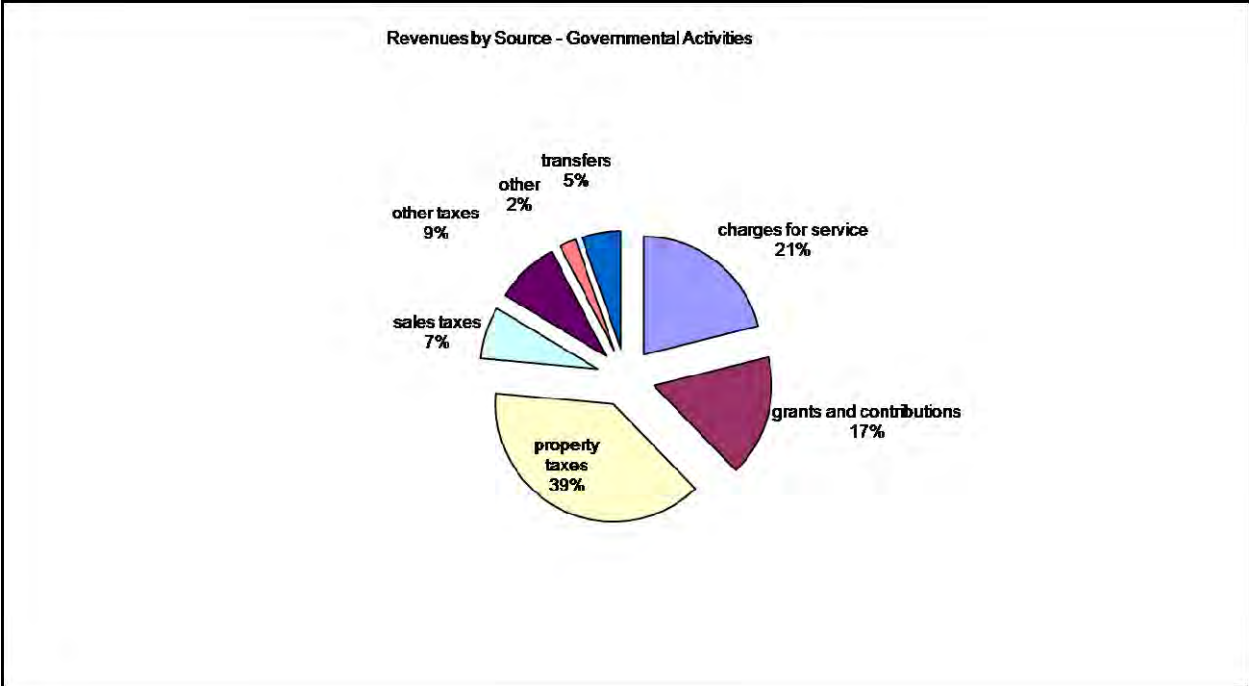
The City's direct charges to users of governmental services made up \$4,375,552 or 20.8 percent of total governmental revenue. These charges are for park rentals, recreation classes, building permits and other fees related to public safety and administration. Public safety which includes police, domestic violence assistance, animal control and dispatch services accounts for

\$4,447,348 in expenditures, or 29% of the total. Highway and public works accounts for \$2,681,745 in expenditures, or 17.5% of the total. Culture and recreation accounts for \$1,686,824 in expenditures, or 11% of the total. General government, the largest program, accounts for \$5,979,508 in expenditures, or 39% of the total.

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

## City of Post Falls' Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$4,375,552	\$4,940,214	\$8,357,165	\$7,868,868	\$12,732,717	\$12,809,082
Operating grants and contributions	796,891	560,896			796,891	560,896
Capital grants and contributions	2,655,088	6,382,770	2,778,366	5,559,972	5,433,454	11,942,742
General revenues:						
Property taxes	8,017,157	7,191,562			8,017,157	7,191,562
Other taxes	3,301,797	3,220,308			3,301,797	3,220,308
Other	472,017	1,018,119	1,079,907	1,220,020	1,551,924	2,238,139
Total revenues	<u>\$19,618,502</u>	<u>\$23,313,869</u>	<u>\$12,215,438</u>	<u>\$14,648,860</u>	<u>\$31,833,940</u>	<u>\$37,962,729</u>
<b>EXPENSES</b>						
General government	\$5,979,508	\$5,701,979			\$5,979,508	\$5,701,979
Public safety	4,447,348	4,065,252			4,446,456	4,065,252
Highway and public works	2,681,745	2,422,039			2,681,745	2,422,039
Culture and recreation	1,686,824	1,594,522			1,686,824	1,594,522
Interest on long-term debt	525,919	434,931			526,811	434,931
Water			\$1,448,401	\$1,447,266	1,448,401	1,447,266
Sewer			3,136,575	2,703,705	3,136,575	2,703,705
Sanitation			1,356,495	1,281,986	1,356,495	1,281,986
Total expenses	<u>\$15,321,344</u>	<u>\$14,218,723</u>	<u>\$5,941,471</u>	<u>\$5,432,957</u>	<u>\$21,262,815</u>	<u>\$19,651,680</u>
<b>INCREASE IN NET ASSETS BEFORE TRANSFERS</b>	<u>4,297,158</u>	<u>9,095,146</u>	<u>6,273,967</u>	<u>9,215,903</u>	<u>10,571,125</u>	<u>18,311,049</u>
<b>TRANSFERS IN (OUT)</b>	<u>1,110,461</u>	<u>1,532,034</u>	<u>(1,110,461)</u>	<u>(1,532,034)</u>		
<b>INCREASE IN NET ASSETS</b>	<u>5,407,619</u>	<u>10,627,180</u>	<u>5,163,506</u>	<u>7,683,869</u>	<u>10,571,125</u>	<u>18,311,049</u>
<b>NET ASSETS beginning</b>	<u>51,736,128</u>	<u>41,108,948</u>	<u>82,327,770</u>	<u>74,643,901</u>	<u>134,063,898</u>	<u>115,752,849</u>
<b>NET ASSETS ending</b>	<u>\$57,143,747</u>	<u>\$51,736,128</u>	<u>\$87,491,276</u>	<u>\$82,327,770</u>	<u>\$144,635,023</u>	<u>\$134,063,898</u>



- The majority of the City of Post Falls' governmental activities' revenue is received from property tax (39 percent) with charges for services following at (21 percent).
- When all taxes are added together, they make up 55 percent of the budget.



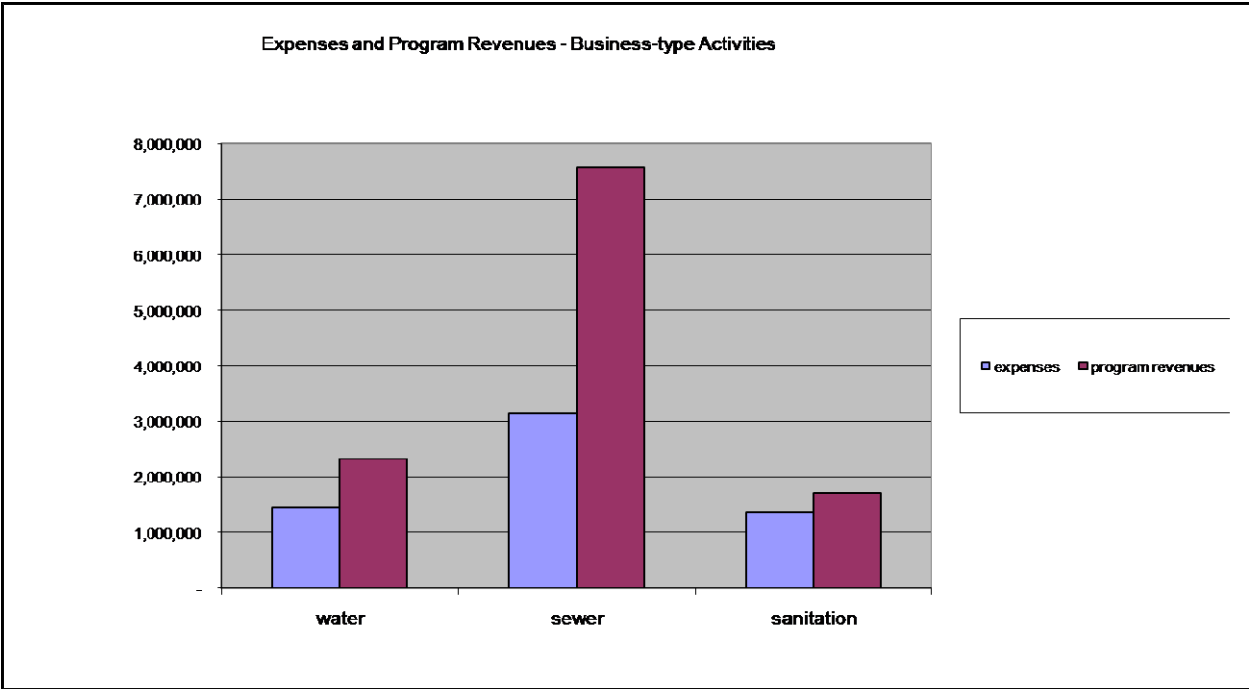
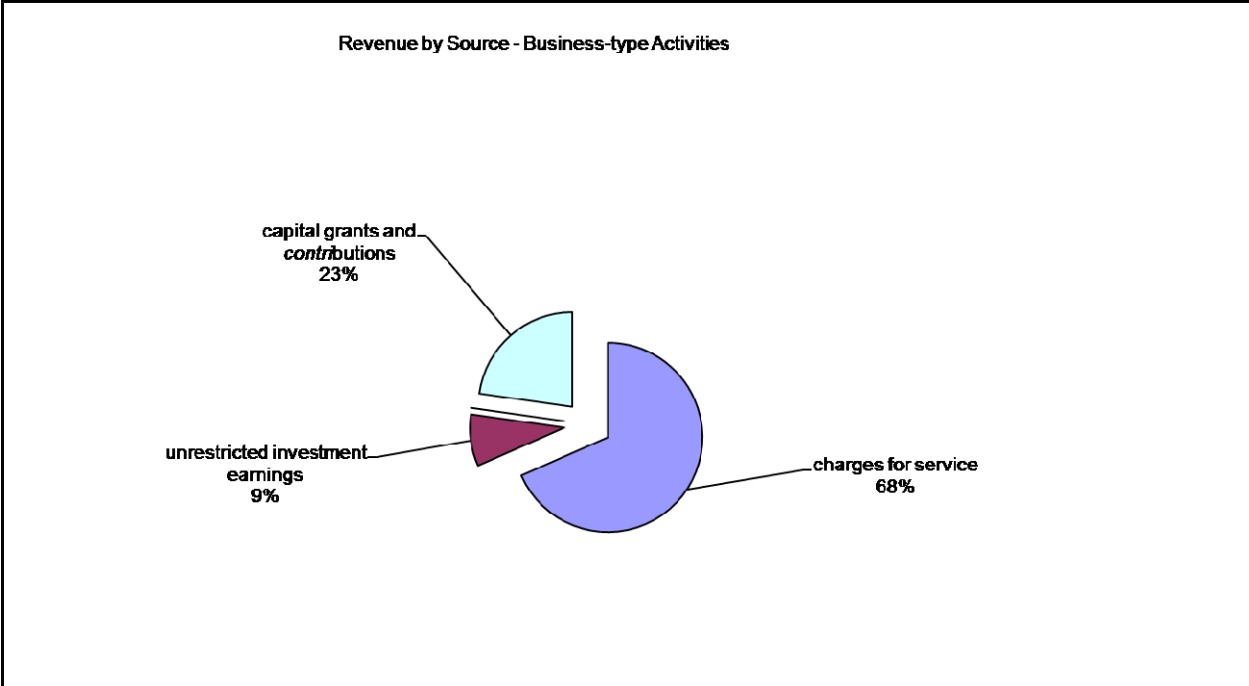
- When revenues are compared to expenses, it shows that only the City of Post Falls' highways and public works program is self supporting. This is due to donated capital assets from developers. Each program is funded by taxes or other general revenues.
- Grants and contributions are primarily received 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 primarily funded through federal grants each year.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The only major transactions during the year were a force main extension in sewer and the ground breaking for a new city hall in the capital fund. No significant losses or revenues were received during the year and building permit revenue has remained high.

Major funds in the City are general fund, LID 2004-1 and the capital fund. Significant transactions within the general fund this year mainly consisted of repayment of debt and payment of personnel has been steadily increasing with the aggressive market in the Pacific Northwest and since health insurance has been increasing each year. The average wage increase in the City for the current fiscal year was 4.5 percent. No significant transactions occurred for LID 2004-1 this year. Last, in the capital fund \$5,304,900 has been expended to complete the new city hall.

The general fund has a significant cash balance at year end. A portion of this cash balance has been designated as a contingency fund and the balance has been reallocated for expenditure in the FY 09 budget. Last, the capital fund has a large cash balance that is primarily made up of money that is being saved for future capital projects such as a park acquisition, park improvements and future road construction.

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



- One of the major sources of the City of Post Falls' business-type activities' revenue is received from charges for services (68 percent). Currently, the City of Post Falls' business-type activities do not use property taxes for any type of funding.

- The second major source of revenue is capital contributions. These contributions are received by water and sewer only. The sanitation for the City of Post Falls is contracted out, and the City has no capital investment in that program.
- When revenues are compared to expenses, it shows that all of the City of Post Falls' programs are self supporting.
- Investment earnings are showing a downturn due to the weakening market and they have declined since the prior year.

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 \$10,617,339, a decrease of \$3,309,844 in comparison with the prior year. This decrease is primarily due to the completion of capital projects such as city hall and Mullan Avenue overlay and widening. The current fund balance contains \$426,194 of reserved dollars, \$789,552 of designated dollars and the balance of \$9,401,593 is unreserved and undesignated, 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 and undesignated fund balance of the general fund was \$7,109,210, with a total fund balance of \$7,961,552. 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 50.6 percent of total general fund expenditures, while total fund balance represents 56.6 percent of that same amount.

The other major funds of the City of Post Falls have the following fund balances at year-end: LID 2004-1 has an unreserved fund balance of \$483,801. This balance is due to prepayments on the LID. The Capital Fund has a reserved fund balance of \$363,404. This is reserve set by debt service requirements. The Capital Fund has an unreserved fund balance of \$1,677,630. This fund balance will be used towards future capital projects in the City's CIP.

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

Unrestricted net assets of the water, sewer and sanitation funds at the end of the year amounted to \$21,892,917 (water \$4,391,970; sewer \$17,028,070; and sanitation \$472,877). Restricted net assets at the end of the year amounted to \$10,022,627 (water \$4,152,204 and sewer \$5,870,423).

### General Fund Budgetary Highlights

Three budget amendments were performed during the current fiscal year. These amendments increased the budget by a total of \$995,868. General Fund revenues ended the fiscal year with a total positive variance of 2.6 percent. Expenditures ended the fiscal year with a total positive variance of 12.4 percent. The major variance in revenues was due to various recreation programs, interest earnings and miscellaneous taxes. 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, 2008 amounts to \$119,261,904 (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 7.5 percent (an 18.9 percent increase for governmental activities and less than a tenth of a percent decrease for business-type activities).

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$5,241,903	\$4,837,936	\$12,439,673	\$9,427,540	\$17,681,576	\$14,265,476
Buildings & Imp. Machinery & Equip.	16,190,228	11,098,461			16,190,228	11,098,461
Infrastructure	2,427,646	2,154,243	429,072	480,078	2,856,718	2,634,321
Wells	28,592,422	25,940,818			28,592,422	25,940,818
Water System			539,282	588,049	539,282	588,049
Sewer System			16,022,170	16,387,192	16,022,170	16,387,192
C.I.P.			32,275,709	32,770,260	32,275,709	32,770,260
Total	<u>\$52,452,199</u>	<u>\$44,031,458</u>	<u>\$66,809,705</u>	<u>\$61,420,065</u>	<u>\$119,261,904</u>	<u>\$105,451,523</u>

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

- Donated capital assets from developers as they develop commercial areas and subdivisions.
- Continued with upgrades in various parks owned by the City.

- Constructed a Communications site at Blossom Mountain allowing for more wireless communication capabilities in the City.
- Various Sewer projects across the City in an effort to keep up with growth.
- Completed construction of a City Hall.

Additional information on the City of Post Falls' capital assets can be found in note 4 on pages 42 to 43 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Post Falls had total bonded debt outstanding of \$14,790,296. Of this amount, \$835,000 is comprised of debt backed by the full faith and credit of the government and \$2,335,001 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 (\$886,728), water (\$53,574) and sewer (\$69,172).

<u>Debt Type</u>	<u>2008 Balance</u>	<u>2007 Balance</u>
General Obligation Bonds:	\$ 835,000	\$ 980,000
Sewer Revenue Bonds:	8,598,039	5,907,948
Water – DEQ Loan	3,022,256	3,147,424
Special Assessment Bonds:	2,335,001	2,435,001
Leases	4,090,323	4,393,665
Compensated Absences	<u>1,009,474</u>	<u>843,524</u>
	<u>\$19,890,093</u>	<u>\$17,707,562</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 \$54,778,197 on September 30, 2008. The City's general obligation bond above is subject to this limit. Therefore, \$53,943,197 is available for future general obligation indebtedness.

Additional information on the City of Post Falls' long-term debt can be found in notes 6 and 7 on pages 44 to 48 of this report.

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

- Unemployment in Kootenai County has continued at low levels again this year. The current rate for 2008 was 7.7% while the labor force pool increased to 72,167, up about 437 in the last year. The prior year reflected only a 3.1% unemployment rate. This rate is expected to continue to be high over the next year.
- The national economy is seeing a slow down and the local economy has started to reflect this same state. Last year, the population increased by 0.9% in the City while the State increased by 1.85% overall. Since 1990, the City has increased by 242%, while the County has increased by 105% and the State has increased by 48.9%. As you can see, this year's number is very minimal and FY 09 is anticipating a negative percentage.

- Building permits issued in the City of Post Falls have dropped considerably over the last year. In the next year, this same low level is anticipated.
- The number of utility accounts has continued to increasing at a small level and that lower growth level has been included in the budget process.

All of these factors were considered in preparing the City of Post Falls' budget for the 2008 reported fiscal year and the upcoming 2009 fiscal year.

### **Budget Highlights for Fiscal Year 2008-2009**

**Governmental Activities.** During the current fiscal year, undesignated fund balance in the general fund increased to \$7,109,210. A major portion of this increase was from various department's under spending their respective budgets. The City of Post Falls has appropriated \$1,050,000 of this amount for spending in the 2009 fiscal year budget. The remaining balance will be reserved during fiscal year 2009 as a contingency fund or designated to the appropriate area.

**Business-Type Activities.** Both water and sewer operating rates were increased by 4.5 percent in the 2009 budget year. Sanitation rates were increased by 12% as per a new contract with an outside hauler. Water and sewer rates are set by rate studies that updated every five years.

### **Requests for information**

This financial report is designed to provide a general overview of the City of Post Falls' finances for all those with an interest in 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, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Post Falls Urban Renewal Agency
<b>Assets</b>				
Cash and cash equivalents	\$ 7,927,684	\$ 18,586,793	\$ 26,514,477	\$ 3,747,126
Investments	5,090,693		5,090,693	
Receivables				
Accounts	99,395	1,138,852	1,238,247	
Taxes	480,838		480,838	315,160
Miscellaneous	225,679		225,679	
Special assessments	1,986,381		1,986,381	
Internal Balances	(3,203,550)	3,203,550		
Due from other governments	894,226		894,226	
Accrued interest	23,289	45,073	68,362	7,378
Prepaid items	9,284		9,284	
Restricted cash	1,093,634	10,318,676	11,412,310	
Capital assets, net of depreciation:				
Land	5,241,903	12,439,673	17,681,576	
Buildings	16,190,228	3,931,199	20,121,427	
Machinery and equipment	2,427,646	429,072	2,856,718	
Other improvements		44,905,962	44,905,962	
Infrastructure	28,592,422		28,592,422	
Construction in progress		5,103,799	5,103,799	
Unamortized issue costs		744	744	
Total Assets	<u>67,079,752</u>	<u>100,103,393</u>	<u>167,183,145</u>	<u>4,069,664</u>
<b>Liabilities</b>				
Accounts payable	762,643	547,585	1,310,228	98,106
Accrued payroll	254,766	27,589	282,355	
Bond interest payable	83,295	175,909	259,204	2,820
Restricted customer deposits	688,249	117,993	806,242	
Noncurrent liabilities				
Due within one year	1,035,583	995,989	2,031,572	168,878
Due in more than one year	7,111,469	10,747,052	17,858,521	323,700
Total Liabilities	<u>9,936,005</u>	<u>12,612,117</u>	<u>22,548,122</u>	<u>593,504</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	45,191,875	55,575,732	100,767,607	
Restricted for:				
Library and art activities	62,790		62,790	
Debt service	722,967	2,415,734	3,138,701	
Capital improvements	2,830,586	7,606,893	10,437,479	3,409,318
Unrestricted	8,335,529	21,892,917	30,228,446	66,842
Total Net Assets	<u>\$ 57,143,747</u>	<u>\$ 87,491,276</u>	<u>\$ 144,635,023</u>	<u>\$ 3,476,160</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, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Post Falls Urban Renewal Agency
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 5,979,508	\$ 1,543,133	\$ 513,786	\$ 30,136	\$ (3,892,453)		\$ (3,892,453)	\$ (643,117)
Public safety	4,447,348	818,834	202,410	106,063	(3,320,041)		(3,320,041)	
Highways and public works	2,681,745	1,097,468		2,518,889	934,612		934,612	
Culture and recreation	1,686,824	916,117	80,695		(690,012)		(690,012)	
Interest on long-term debt	525,919				(525,919)		(525,919)	(17,916)
Total governmental activities	<u>15,321,344</u>	<u>4,375,552</u>	<u>796,891</u>	<u>2,655,088</u>	<u>(7,493,813)</u>		<u>(7,493,813)</u>	<u>(661,033)</u>
Business-type activities:								
Water	1,448,401	2,035,430		294,904		\$ 881,933	881,933	
Sewer	3,136,575	4,615,976		2,483,462		3,962,863	3,962,863	
Sanitation	1,356,495	1,705,759				349,264	349,264	
Total business-type activities	<u>5,941,471</u>	<u>8,357,165</u>		<u>2,778,366</u>		<u>5,194,060</u>	<u>5,194,060</u>	
Total government	<u>\$ 21,262,815</u>	<u>\$ 12,732,717</u>	<u>\$ 796,891</u>	<u>\$ 5,433,454</u>	<u>(7,493,813)</u>	<u>5,194,060</u>	<u>(2,299,753)</u>	<u>(661,033)</u>
General revenues:								
Property taxes					8,017,157		8,017,157	2,730,054
Sales taxes					1,486,213		1,486,213	
Motor fuel taxes					1,197,377		1,197,377	
Alcoholic beverage taxes					618,207		618,207	
Unrestricted investment earnings					774,806	1,079,907	1,854,713	103,673
Gains (losses) on disposal of capital assets					(302,789)		(302,789)	
Transfers					1,110,461	(1,110,461)		
Total general revenues and transfers					<u>12,901,432</u>	<u>(30,554)</u>	<u>12,870,878</u>	<u>2,833,727</u>
Change in net assets					5,407,619	5,163,506	10,571,125	2,172,694
Net Assets - beginning					51,736,128	82,327,770	134,063,898	1,303,466
Net Assets - ending					<u>\$ 57,143,747</u>	<u>\$ 87,491,276</u>	<u>\$ 144,635,023</u>	<u>\$ 3,476,160</u>

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

**City of Post Falls  
Balance Sheet  
Governmental Funds  
September 30, 2008**

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2008
<b>Assets</b>					
Cash on hand and cash equivalents	\$ 2,602,052	\$ 232,160	\$ 4,473,046	\$ 620,426	\$ 7,927,684
Investments	4,090,693		1,000,000		5,090,693
Accounts receivable:					
Property taxes - current	190,786				190,786
- delinquent	290,052				290,052
Loans receivable				8,975	8,975
Miscellaneous	184,426	13,170		19,108	216,704
Customers	430			98,965	99,395
Due from other governments	661,038		233,188		894,226
Special assessments - delinquent		5,803		16,675	22,478
- deferred		1,866,376		97,527	1,963,903
Interfund receivables	931,904				931,904
Prepaid items	634		8,650		9,284
Accrued interest	14,181	860	7,423	825	23,289
Restricted current assets:					
Cash and cash equivalents	492,618	237,612	363,404		1,093,634
Total assets and other debits	<u>\$ 9,458,814</u>	<u>\$ 2,355,981</u>	<u>\$ 6,085,711</u>	<u>\$ 862,501</u>	<u>\$ 18,763,007</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 264,403		\$ 464,547	\$ 33,693	\$ 762,643
Interfund payables	24,445		3,536,330	574,679	4,135,454
Accrued payroll and fringe benefits	254,766				254,766
Deferred revenue	309,199	\$ 1,872,180		123,177	2,304,556
Restricted customer deposits	644,449		43,800		688,249
Total liabilities	<u>1,497,262</u>	<u>1,872,180</u>	<u>4,044,677</u>	<u>731,549</u>	<u>8,145,668</u>
<b>Fund balances:</b>					
Reserved for:					
Library and art activities	62,790				62,790
Debt			363,404		363,404
Unreserved:					
Designated for improvements	789,552				789,552
General fund	7,109,210				7,109,210
Special Revenue funds				(108,214)	(108,214)
Debt Service funds		483,801		239,166	722,967
Capital Fund			1,677,630		1,677,630
Total fund balances	<u>7,961,552</u>	<u>483,801</u>	<u>2,041,034</u>	<u>130,952</u>	<u>10,617,339</u>
Total liabilities and fund balances	<u>\$ 9,458,814</u>	<u>\$ 2,355,981</u>	<u>\$ 6,085,711</u>	<u>\$ 862,501</u>	

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.	52,452,199
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,304,556
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(8,230,347)
Net assets of governmental activities:	<u>\$ 57,143,747</u>

**City of Post Falls**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2008**

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2008
<b>Revenues:</b>					
Taxes	\$8,320,641				\$ 8,320,641
Intergovernmental	3,525,099		\$ 917,168		4,442,267
Charges for services	2,088,433		1,257,771	\$ 394,015	3,740,219
Other revenue	508,262		109,081	365,536	982,879
Special assessment revenue		\$ 151,890		28,820	180,710
Interest	372,037	135,350	236,583	30,836	774,806
Total revenues	<u>14,814,472</u>	<u>287,240</u>	<u>2,520,603</u>	<u>819,207</u>	<u>18,441,522</u>
<b>Expenditures:</b>					
Current:					
General government	5,355,121	21,400	46,544	2,950	5,426,015
Public safety	4,075,855			116,154	4,192,009
Highways and public works	1,726,575			281,667	2,008,242
Culture and recreation	1,532,715			29,300	1,562,015
Capital outlay	702,070		7,673,252	219,981	8,595,303
Debt service:					
Principal	424,373	45,000	74,107	55,000	598,480
Interest	237,426	104,268	147,978	40,229	529,901
Total expenditures	<u>14,054,135</u>	<u>170,668</u>	<u>7,941,881</u>	<u>745,281</u>	<u>22,911,965</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>760,337</u>	<u>116,572</u>	<u>(5,421,278)</u>	<u>73,926</u>	<u>(4,470,443)</u>
<b>Other financing sources (uses):</b>					
Issuance of debt	50,138				50,138
Transfers in	1,188,179		738,372	1,800	1,928,351
Transfers out	(380,850)		(424,240)	(12,800)	(817,890)
Total other financing sources (uses)	<u>857,467</u>		<u>314,132</u>	<u>(11,000)</u>	<u>1,160,599</u>
<b>Net change in fund balance</b>	1,617,804	116,572	(5,107,146)	62,926	(3,309,844)
<b>Fund balances, Beginning</b>	<u>6,343,748</u>	<u>367,229</u>	<u>7,148,180</u>	<u>68,026</u>	<u>13,927,183</u>
<b>Fund balances, Ending</b>	<u>\$ 7,961,552</u>	<u>\$ 483,801</u>	<u>\$ 2,041,034</u>	<u>\$ 130,952</u>	<u>\$ 10,617,339</u>

**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, 2008**

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

Net change in fund balances - total governmental funds	\$ (3,309,844)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,838,134
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	1,582,607
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(100,429)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>397,151</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 5,407,619</u></u>

**City of Post Falls**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2008**

Business-type Activities - Enterprise Funds

	Water Current Year	Water Prior Year	Sewer Current Year	Sewer Prior Year	Sanitation Current Year	Sanitation Prior Year	Totals Current Year
<b>Assets</b>							
Current assets:							
Cash	\$ 3,129,018	\$ 3,958,876	\$ 15,066,061	\$ 13,664,850	\$ 391,714	\$ 246,809	\$ 18,586,793
Utility receivables, net	372,536	286,377	567,574	598,890	198,742	195,857	1,138,852
Restricted cash, customer deposits	117,993	147,038					117,993
Accrued interest	11,844		29,556		450		41,850
Due from other funds	734,939	781,254	2,468,611	2,613,239			3,203,550
Total current assets	<u>4,366,330</u>	<u>5,173,545</u>	<u>18,131,802</u>	<u>16,876,979</u>	<u>590,906</u>	<u>442,666</u>	<u>23,089,038</u>
Non-current assets:							
Restricted cash	4,444,240	3,446,208	5,756,443	4,692,987			10,200,683
Restricted accrued interest	1,117	1,080	2,106	2,036			3,223
Bond issuance cost, net			744	1,514			744
Total restricted assets	<u>4,445,357</u>	<u>3,447,288</u>	<u>5,759,293</u>	<u>4,696,537</u>			<u>10,204,650</u>
Capital assets:							
Land	54,555	54,555	12,385,118	9,372,985			12,439,673
Wells	1,367,689	1,367,689					1,367,689
Water system	19,732,431	19,688,325					19,732,431
Equipment	552,608	491,847	1,088,752	1,098,593			1,641,360
Sewer system			45,324,219	44,777,829			45,324,219
Construction in progress	963,991	197,614	4,139,808	1,569,332			5,103,799
Less accumulated depreciation	<u>(4,849,830)</u>	<u>(4,325,916)</u>	<u>(13,949,636)</u>	<u>(12,872,788)</u>			<u>(18,799,466)</u>
Total capital assets (net of accumulated depreciation)	<u>17,821,444</u>	<u>17,474,114</u>	<u>48,988,261</u>	<u>43,945,951</u>			<u>66,809,705</u>
Total non-current assets	<u>22,266,801</u>	<u>20,921,402</u>	<u>54,747,554</u>	<u>48,642,488</u>			<u>77,014,355</u>
Total Assets	<u>26,633,131</u>	<u>26,094,947</u>	<u>72,879,356</u>	<u>65,519,467</u>	<u>590,906</u>	<u>442,666</u>	<u>100,103,393</u>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	28,752	95,068	400,804	56,711	118,029	112,141	547,585
Accrued payroll	10,527	8,649	17,062	13,334			27,589
Bond interest payable	56,667	59,014	119,242	70,013			175,909
Compensated absences	53,574	51,118	69,172	60,851			122,746
Customer deposits payable	117,993	147,038					117,993
Bond payable - current maturity	129,907	125,169	792,503	664,909			922,410
Total current liabilities	<u>397,420</u>	<u>486,056</u>	<u>1,398,783</u>	<u>865,818</u>	<u>118,029</u>	<u>112,141</u>	<u>1,914,232</u>
Noncurrent liabilities:							
Bonds payable	2,892,349	3,022,256	7,805,536	5,243,039			10,697,885
Total noncurrent liabilities	<u>2,892,349</u>	<u>3,022,256</u>	<u>7,805,536</u>	<u>5,243,039</u>			<u>10,697,885</u>
Total Liabilities	<u>3,289,769</u>	<u>3,508,312</u>	<u>9,204,319</u>	<u>6,108,857</u>	<u>118,029</u>	<u>112,141</u>	<u>12,612,117</u>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	14,799,188	14,326,689	40,776,544	38,038,003			55,575,732
Restricted for:							
Replacement	3,025,380	2,077,305	4,581,513	3,583,380			7,606,893
Bond Retirement	1,126,824	1,089,927	1,288,910	906,960			2,415,734
Unrestricted	4,391,970	5,092,714	17,028,070	16,882,267	472,877	330,525	21,892,917
Total Net Assets	<u>\$ 23,343,362</u>	<u>\$ 22,586,635</u>	<u>\$ 63,675,037</u>	<u>\$ 59,410,610</u>	<u>\$ 472,877</u>	<u>\$ 330,525</u>	<u>\$ 87,491,276</u>

**City of Post Falls**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

	Business-type Activities - Enterprise Funds						
	Water Current Year	Water Prior Year	Sewer Current Year	Sewer Prior Year	Sanitation Current Year	Sanitation Prior Year	Totals Current Year
<b>Operating Revenues:</b>							
Charges for services	\$ 1,885,279	\$ 1,931,661	\$ 4,353,767	\$ 4,004,679	\$ 1,651,777	\$ 1,559,448	\$ 7,890,823
Hookups and connections	8,922	24,034					8,922
Other revenues	141,229	139,801	262,209	172,749	53,982	36,496	457,420
Total operating revenues	<u>2,035,430</u>	<u>2,095,496</u>	<u>4,615,976</u>	<u>4,177,428</u>	<u>1,705,759</u>	<u>1,595,944</u>	<u>8,357,165</u>
<b>Operating Expenses:</b>							
Salaries and benefits	381,787	398,217	679,686	630,294			1,061,473
Administrative and supplies	418,005	411,252	1,039,099	936,149	1,356,495	1,281,986	2,813,599
Depreciation	534,090	516,227	1,086,690	899,549			1,620,780
Total operating expenses	<u>1,333,882</u>	<u>1,325,696</u>	<u>2,805,475</u>	<u>2,465,992</u>	<u>1,356,495</u>	<u>1,281,986</u>	<u>5,495,852</u>
Operating income	<u>701,548</u>	<u>769,800</u>	<u>1,810,501</u>	<u>1,711,436</u>	<u>349,264</u>	<u>313,958</u>	<u>2,861,313</u>
Nonoperating revenues (expenses):							
Intergovernmental		4,400					
Investment income	289,823	352,114	781,362	855,207	8,722	10,899	1,079,907
Interest expense	(114,519)	(121,570)	(330,330)	(236,943)			(444,849)
Gain on sale of capital assets				1,800			
Amortization of refunding costs			(770)	(770)			(770)
Total nonoperating revenues (expenses)	<u>175,304</u>	<u>234,944</u>	<u>450,262</u>	<u>619,294</u>	<u>8,722</u>	<u>10,899</u>	<u>634,288</u>
Income before contributions and transfers	<u>876,852</u>	<u>1,004,744</u>	<u>2,260,763</u>	<u>2,330,730</u>	<u>357,986</u>	<u>324,857</u>	<u>3,495,601</u>
Capital Contributions - cap fees and other	294,904	729,717	2,483,462	4,825,855			2,778,366
Transfers in							
Transfers out	(415,029)	(568,214)	(479,798)	(637,700)	(215,634)	(326,120)	(1,110,461)
Changes in net assets	<u>756,727</u>	<u>1,166,247</u>	<u>4,264,427</u>	<u>6,518,885</u>	<u>142,352</u>	<u>(1,263)</u>	<u>5,163,506</u>
Total net assets - beginning	<u>22,586,635</u>	<u>21,420,388</u>	<u>59,410,610</u>	<u>52,891,725</u>	<u>330,525</u>	<u>331,788</u>	<u>82,327,770</u>
Total net assets - ending	<u>\$ 23,343,362</u>	<u>\$ 22,586,635</u>	<u>\$ 63,675,037</u>	<u>\$ 59,410,610</u>	<u>\$ 472,877</u>	<u>\$ 330,525</u>	<u>\$ 87,491,276</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, 2008**

	Business-type Activities - Enterprise Funds						Totals Current Year
	Water Current Year	Water Prior Year	Sewer Current Year	Sewer Prior Year	Sanitation Current Year	Sanitation Prior Year	
<b>Cash Flows from Operating Activities</b>							
Receipts from customers	\$ 1,920,226	\$ 2,126,183	\$ 4,647,292	\$ 4,136,590	\$ 1,702,874	\$ 1,570,088	\$ 8,270,392
Payments to suppliers	(484,321)	(367,601)	(695,006)	(1,130,069)	(1,350,607)	(1,269,890)	(2,529,934)
Payments to employees	(377,453)	(393,128)	(667,637)	(615,529)			(1,045,090)
Net cash provided by operating activities	<u>1,058,452</u>	<u>1,365,454</u>	<u>3,284,649</u>	<u>2,390,992</u>	<u>352,267</u>	<u>300,198</u>	<u>4,695,368</u>
<b>Cash Flows from Non-capital Financing Activities</b>							
Operating subsidies and transfers to other funds	(415,029)	(568,214)	(479,798)	(637,700)	(215,634)	(326,120)	(1,110,461)
Advances from other funds	46,315	(683,549)	144,628	(2,002,286)			190,943
Subsidy from federal grant		4,400					
Net cash (used) by non-capital financing activities	<u>(368,714)</u>	<u>(1,247,363)</u>	<u>(335,170)</u>	<u>(2,639,986)</u>	<u>(215,634)</u>	<u>(326,120)</u>	<u>(919,518)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Proceeds from capital debt			3,430,000				3,430,000
System development fees	259,654	729,717	2,097,936	4,825,855			2,357,590
Proceeds from sale of capital assets				1,800			
Principal payments on capital debt	(125,169)	(120,603)	(739,909)	(652,612)			(865,078)
Interest payments on capital debt	(116,866)	(123,832)	(281,101)	(244,354)			(397,967)
Purchase of capital assets	(846,170)	(648,538)	(5,743,474)	(5,047,886)			(6,589,644)
Net cash provided (used) by capital and related financing activities	<u>(828,551)</u>	<u>(163,256)</u>	<u>(1,236,548)</u>	<u>(1,117,197)</u>			<u>(2,065,099)</u>
<b>Cash Flows from Investing Activities</b>							
Interest received on investments	<u>277,942</u>	<u>352,170</u>	<u>751,736</u>	<u>855,314</u>	<u>8,272</u>	<u>10,899</u>	<u>1,037,950</u>
Net cash provided by investing activities	<u>277,942</u>	<u>352,170</u>	<u>751,736</u>	<u>855,314</u>	<u>8,272</u>	<u>10,899</u>	<u>1,037,950</u>
Net increase (decrease) in cash and cash equivalents	139,129	307,005	2,464,667	(510,877)	144,905	(15,023)	2,748,701
Cash and cash equivalents, beginning	<u>7,552,122</u>	<u>7,245,117</u>	<u>18,357,837</u>	<u>18,868,714</u>	<u>246,809</u>	<u>261,832</u>	<u>26,156,768</u>
Cash and cash equivalents, ending	<u>\$ 7,691,251</u>	<u>\$ 7,552,122</u>	<u>\$ 20,822,504</u>	<u>\$ 18,357,837</u>	<u>\$ 391,714</u>	<u>\$ 246,809</u>	<u>\$ 28,905,469</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>							
Operating income	\$ 701,548	\$ 769,800	\$ 1,810,501	\$ 1,711,436	\$ 349,264	\$ 313,958	\$ 2,861,313
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	534,090	516,227	1,086,690	899,549			1,620,780
Changes in assets and liabilities:							
Accounts receivable	(86,159)	49,402	31,316	(40,838)	(2,885)	(25,856)	(57,728)
Accounts payable	(66,316)	43,651	344,093	(193,920)	5,888	12,096	283,665
Accrued payroll	4,334	5,089	12,049	14,765			16,383
Customer deposits	(29,045)	(18,715)					(29,045)
Total adjustments	<u>\$ 1,058,452</u>	<u>\$ 1,365,454</u>	<u>\$ 3,284,649</u>	<u>\$ 2,390,992</u>	<u>\$ 352,267</u>	<u>\$ 300,198</u>	<u>\$ 4,695,368</u>
<b>Reconciliation of Cash to the Balance Sheet</b>							
Cash and cash equivalents	\$ 3,129,018	\$ 3,958,876	\$ 15,066,061	\$ 13,664,850	\$ 391,714	\$ 246,809	\$ 18,586,793
Restricted cash, customer deposits	117,993	147,038					117,993
Restricted cash	<u>4,444,240</u>	<u>3,446,208</u>	<u>5,756,443</u>	<u>4,692,987</u>			<u>10,200,683</u>
	<u>\$ 7,691,251</u>	<u>\$ 7,552,122</u>	<u>\$ 20,822,504</u>	<u>\$ 18,357,837</u>	<u>\$ 391,714</u>	<u>\$ 246,809</u>	<u>\$ 28,905,469</u>

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

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2008

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 seven directors, which are appointed by the City Council, governs the Agency. The City Council has the ability to appoint, hire, reassign, or dismiss those persons having responsibility for the day-to-day operations of the Agency. These powers of the City meet the criteria set forth in GASB No. 14 for having financial accountability for the Agency. Based on the above, the Agency has been discretely presented in the accompanying financial statements of the City as a component unit.

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

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 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, 2008

#### 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 segments 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, franchise fees 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. Principal sources of revenue are property taxes, charges for services from other funds, intergovernmental revenues, interest and other miscellaneous revenues. Primary expenditures are for general administration.
2. *Debt service fund LID 2004-1* accounts for proceeds and expenditures for a local improvement district that was created for street and sewer improvements. The primary source of revenue is from assessment collection. The primary expenditure is for bond obligations.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

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

3. The *capital fund* accounts for all governmental fund major capital projects. These projects include street capital, park improvements and city facilities. The primary sources of revenue are from impact fees, grants and general fund transfers. The primary expenditures are for park improvements, streets and city facilities.

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.
3. The *sanitation fund* is used to account for the City's contract for garbage collection services.

Additionally, the government reports the following fund types:

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

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. The franchise fees the City receives are all based on a percentage of gross receipts so they are treated as general revenues and no portion is reported as a charge for service in a function or activity.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

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

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.

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

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

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

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

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 funds 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 pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

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, 2008 materially approximates fair value. Investments on hand at September 30, 2008 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.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

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

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

	Estimated Life
Machinery and equipment	3 - 10 years
Computer Equipment	3 - 5 years
Computer Software	3 - 5 years
Furniture and fixtures	3 - 15 years
Public domain infrastructure	20 - 50 years
Buildings/Improvements	20 - 40 years
Sewer System/Improvements	20 - 50 years
Water System/Improvements	20 - 50 years
Vehicles	3 - 5 years

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:

	Years
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, 2008 are as follows:

Water:	
Gross accounts receivable	\$383,864
Less allowance for doubtful accounts	<u>(11,328)</u>
Accounts receivable, net	<u>\$372,536</u>
Sewer:	
Gross accounts receivable	\$765,415
Less allowance for doubtful accounts	<u>(197,841)</u>
Accounts receivable, net	<u>\$567,574</u>
Sanitation:	
Gross accounts receivable	\$204,840
Less allowance for doubtful accounts	<u>(6,098)</u>
Accounts receivable, net	<u>\$198,742</u>

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2008

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

Property Tax Revenues - Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied. State statute sets maximum property tax rates for the various funds of the City of Post Falls. For the general fund, the City cannot levy more than 103% of the highest amount in the prior three year's certified property tax amount. For other funds, the 3% increase is not applicable but is limited by statute. Rates are expressed in millage of total market value. The millage rate for the 2007-08 fiscal year was .003704092.

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.

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

### NOTE 2: CASH AND INVESTMENTS

#### Cash and Investments

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

Cash and Investments are comprised of the following at September 30, 2008:

Cash on hand	\$ 7,810
Deposits with financial institutions:	
Demand deposit	(463,084)
Time certificates of deposit	11,283
Investments	<u>43,461,471</u>
Total	<u>\$43,017,480</u>



# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2008

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

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

Cash and Investments	\$31,605,170
Restricted Cash and Investments	<u>11,412,310</u>
Total	<u>\$43,017,480</u>

#### Deposits

The carrying amount of the City's deposits with financial institutions was \$(451,801) and the bank balance was \$128,368. Of the bank balance, \$128,368 was covered by federal depository insurance or by collateral held by the government's agent in the government's name. The City currently does not have a formal policy regarding custodial risk for deposits. The City's investments are categorized into three categories of credit risk. Currently the City does not have a formal policy relating to interest rate risk or relating to the credit risk of investments.

#### Investments

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

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

The investments the city has in the State Investment Pool are carried at cost which approximates fair market value. The city's portion of the State Investment Pool had an unrealized loss of \$10,694.46 which has not been recognized in the financial statements.

Custodial credit risk for investments is the risk that in the event of failure of the counterparty to a transaction, the City will not recover the value of the investment or collateral securities that are in the possession of an outside party. Except for the certificates of deposit, the remaining investments of the City were not exposed to custodial credit risk as of September 30, 2008. For purposes of risk exposure, certificates of deposit are treated as deposits, which were previously discussed above.

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

#### NOTE 3: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2008:

Delinquent principal amounts	\$ 22,478
Deferred principal amounts not currently due, but due at future date	<u>1,963,903</u>
	<u>\$1,986,381</u>

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

#### NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2008, is as follows:

	September 30, 2007	Additions	Adjustments Transfers	Deletions	September 30, 2008
<u>GOVERNMENTAL ACTIVITIES:</u>					
Capital assets, not being depreciated:					
Land	\$4,837,936	\$403,967			\$5,241,903
Total capital assets, not being depreciated	4,837,936	403,967			5,241,903
Capital assets, being depreciated:					
Buildings and improvements	13,365,034	5,917,885		(\$1,067,441)	18,215,478
Equipment	3,855,658	686,934		(156,418)	4,386,174
Vehicles	2,144,660	94,834	\$10,177	(118,231)	2,131,440
Infrastructure	27,730,285	3,074,290			30,804,575
Total capital assets, being depreciated	47,095,637	9,773,943	10,177	(1,342,090)	55,537,667
Less: accumulated depreciation					
Buildings and improvements	2,266,573	435,162		(676,485)	2,025,250
Equipment	2,267,738	341,359		(160,297)	2,448,800
Vehicles	1,578,337	170,885	10,177	(118,231)	1,641,168
Infrastructure	1,789,467	504,570		(81,884)	2,212,153
Total accumulated depreciation	7,902,115	1,451,976	10,177	(1,036,897)	8,327,371
Total capital assets being depreciated, net	39,193,522	8,321,967	0	(305,193)	47,210,296
Governmental activities capital assets, net	\$44,031,458	\$8,725,934	\$0	(\$305,193)	\$52,452,199

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

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

	September 30,	Adjustments			September 30,
	2007	Additions	Transfers	Deletions	2008
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Capital assets, not being depreciated:					
Land	\$9,427,540	\$3,012,133			\$12,439,673
C.I.P.	1,766,946	\$3,436,196	(\$99,343)		5,103,799
Total capital assets, not being depreciated	<u>11,194,486</u>	<u>6,448,329</u>	<u>(99,343)</u>		<u>17,543,472</u>
Capital assets, being depreciated:					
Wells	1,367,689				1,367,689
Water System	19,688,325	44,106			19,732,431
Equipment	1,590,440	70,938	(10,177)	(\$9,841)	1,641,360
Sewer System	44,777,829	447,047	99,343		45,324,219
Total capital assets, being depreciated	<u>67,424,283</u>	<u>562,091</u>	<u>89,166</u>	<u>(9,841)</u>	<u>68,065,699</u>
Less: accumulated depreciation					
Wells	779,640	48,767			828,407
Water System	3,301,133	409,128			3,710,261
Equipment	1,110,362	121,944	(10,177)	(9,841)	1,212,288
Sewer System	12,007,569	1,040,941			13,048,510
Total accumulated depreciation	<u>17,198,704</u>	<u>1,620,780</u>	<u>(10,177)</u>	<u>(9,841)</u>	<u>18,799,466</u>
Total capital assets being depreciated, net	<u>50,225,579</u>	<u>(1,058,689)</u>	<u>99,343</u>		<u>49,266,233</u>
Business-type activities capital assets, net	<u>\$61,420,065</u>	<u>\$5,389,640</u>	<u>\$0</u>	<u>\$0</u>	<u>\$66,809,705</u>

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

Governmental activities:	
General government	\$398,325
Public safety	255,339
Highways and public works	673,503
Culture and recreation	<u>124,809</u>
Total depreciation expense – governmental activities	<u>\$1,451,976</u>
Business-type activities:	
Water	\$ 534,090
Sewer	<u>1,086,690</u>
Total depreciation expense – business-type activities	<u>\$1,620,780</u>

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2008

### NOTE 5: DEFINED BENEFIT PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, 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. The authority to establish and amend benefit provisions is established in Idaho Code. 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. 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. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.idaho.gov](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of the City of Post Falls and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2008, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighters members. The City of Post Falls' employer contributions required and paid were \$732,835, \$681,920, and \$620,962 for the three years ended September 30, 2008, 2007, and 2006, respectively.

### NOTE 6: 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 are ranging from \$90,000 in 1999 to \$185,000 in 2013.

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

	<u>Year</u> <u>Ending</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
G.O.B.:	2009	4.35%	\$150,000	\$ 34,380	\$ 184,380
	2010	4.40	160,000	27,598	187,598
	2011	4.50	165,000	20,365	185,365
	2012	4.60	175,000	12,627	187,627
	2013	4.65	<u>185,000</u>	<u>4,301</u>	<u>189,301</u>
			<u>\$835,000</u>	<u>\$99,271</u>	<u>\$934,271</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

#### NOTE 6: LONG-TERM DEBT (Continued)

##### 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.

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%.

On December 30, 2004, the City issued \$3,969,500 of Sewer Revenue Bonds, named the City of Post Falls Sewer Revenue Bond, 2004. The proceeds of these bonds, along with other resources of the City, were used to purchase land for land application of reclaimed water. Currently, the City pumps all reclaimed water into the Spokane River. Future DEQ requirements may restrict this access and alternative means are needed to dispose of this reclaimed water.

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

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

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

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

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

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

**NOTE 6: LONG-TERM DEBT (Continued)**

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

SEWER REVENUE BONDS:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2009	\$ 792,503	\$ 328,994	\$1,121,497
2010	699,639	300,113	999,752
2011	713,384	273,353	986,737
2012	722,280	245,879	968,159
2013	736,333	217,397	953,730
2014-2018	2,108,900	768,434	2,877,334
2019-2023	1,595,000	458,194	2,053,194
2024-2027	<u>1,230,000</u>	<u>119,545</u>	<u>1,349,545</u>
	<u>\$8,598,039</u>	<u>\$2,711,909</u>	<u>\$11,309,948</u>

Water Revenue Bonds

On April 1, 2005, the City issued \$3,384,232.77 of Water Revenue Bonds, named the City of Post Falls Water Revenue Bond, 2005. The proceeds of these bonds, along with other resources of the City, were used to complete a repair and replacement of a portion of the City's water system.

Repayment terms on the bonds are semi-annual payments, due April 1 and October 1, in the amount of \$121,017.21, including interest at 3.75%.

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

WATER REVENUE BONDS:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2009	129,906	112,128	242,034
2010	134,824	107,211	242,035
2011	139,927	102,107	242,034
2012	145,223	96,811	242,034
2013	150,720	91,314	242,034
2014-2018	843,619	366,553	1,210,172
2019-2023	1,015,834	194,338	1,210,172
2024-2025	<u>462,202</u>	<u>21,867</u>	<u>484,069</u>
	<u>\$3,022,255</u>	<u>\$1,092,329</u>	<u>\$4,114,584</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

#### NOTE 6: LONG-TERM DEBT (Continued)

##### Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2008, was as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
L.I.D. #96-1:	9/30/09	5.50%	<u>\$45,001</u>	<u>\$2,475</u>	<u>\$47,476</u>
			<u>\$45,001</u>	<u>\$2,475</u>	<u>\$47,476</u>
L.I.D. #99-1:					
	3/01/09	3.85%	\$ 15,000	\$ 9,615	\$ 24,615
	3/01/10	4.10	15,000	9,038	24,038
	3/01/11	4.35	15,000	8,422	23,422
	3/01/12	4.60	15,000	7,770	22,770
	3/01/13	4.80	15,000	7,080	22,080
	3/01/14-18	4.95-5.50	100,000	21,600	121,600
	3/01/19	5.60	<u>20,000</u>	<u>1,120</u>	<u>21,120</u>
			<u>\$195,000</u>	<u>\$64,645</u>	<u>\$259,645</u>
L.I.D. 2004-1:					
	5/01/09	4.30%	\$ 45,000	\$ 102,333	\$ 147,333
	5/01/10	4.35	45,000	100,375	145,375
	5/01/11	4.40	50,000	98,395	148,395
	5/01/12	4.45	50,000	96,170	146,170
	5/01/13	4.50	55,000	93,920	148,920
	5/01/14-18	4.55-4.75	305,000	429,871	734,871
	5/01/19-21	4.80-5.00	<u>1,545,000</u>	<u>220,744</u>	<u>1,765,744</u>
			<u>\$2,095,000</u>	<u>\$1,141,808</u>	<u>\$3,236,808</u>

The City is fully obligated for the local improvement debt, placing liens against the property owners to ensure payment to the City. The LID Guarantee Fund was established by ordinance to provide additional security for the local improvement district bondholders. This fund is maintained at a level equivalent to 7% of the outstanding LID bonds, excluding LID 2004-1, which has its own debt service reserve. The required balance for this fund at September 30, 2008 is \$16,800. As of September 30, 2008, \$66,371 is set-aside in this fund.

Changes in governmental activity long-term debt are as follows (See Note 7):

	<u>Balance 10/1/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/08</u>
Compensated absences	\$ 731,555	\$729,012	\$573,839	\$886,728
Capital leases (Note 7)	4,393,665	50,138	353,480	4,090,323
General Fund Bonds Payable	980,000		145,000	835,000
Local Imp. Bonds payable	<u>2,435,001</u>		<u>100,000</u>	<u>2,335,001</u>
	<u>\$8,540,221</u>	<u>\$779,150</u>	<u>\$1,172,319</u>	<u>\$8,147,052</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

**NOTE 6: LONG-TERM DEBT (Continued)**

	Due in One Year
Compensated absences	\$450,014
Capital leases (Note 7)	330,568
General Fund Bonds Payable	150,000
Local Imp. Bonds payable	<u>105,001</u>
	<u>\$1,035,583</u>

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

	Balance 10/1/07	Additions	Deletions	Balance 9/30/08
Compensated absences	\$ 111,969	\$ 92,322	\$ 81,545	\$122,746
Bonds payable	<u>9,055,373</u>	<u>3,430,000</u>	<u>865,078</u>	<u>11,620,295</u>
	<u>\$9,167,342</u>	<u>\$3,522,322</u>	<u>\$946,623</u>	<u>\$11,743,041</u>

	Due in One Year
Compensated absences	\$73,579
Bonds payable	<u>922,410</u>
	<u>\$995,989</u>

**NOTE 7: CAPITAL LEASES**

General Fund - The General Fund has entered into 6 equipment leases and 2 building/land leases, 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 5.60% and require annual principal payments. The equipment secures the leases. The booked asset value of the leased equipment is \$334,049 with \$74,099 in depreciation booked and the booked asset value of the building/land is \$5,520,249, with \$792,529 in depreciation booked, with \$363,404 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:

2009	\$ 542,162
2010	509,221
2011	453,266
2012	454,570
2013	250,209
2014-2018	1,983,690
2019-2022	<u>1,817,640</u>
Future minimum lease payments	6,010,758
Less amounts representing interest	<u>(1,920,435)</u>
	<u>\$4,090,323</u>



## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

#### NOTE 8: 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.

##### Notes Payable

4<sup>th</sup> Street- The long-term note payable balance of \$69,773 at September 30, 2008, is a note payable to the City of Post Falls with no interest. The loan was made in order to cover the cost of improvements made to infrastructure in the City Center urban renewal district. The debt is being repaid as invoices from the city have been received by the Agency. The entire amount is considered a short term liability, as it is estimated this amount will be repaid in the coming year.

Centennial Trail- The long-term note payable balance of \$20,000 at September 30, 2008, is a note payable to Jake Investments with no interest. The loan was made in order to cover the cost of improvements made to the Centennial Trail in the City Center urban renewal district. The debt will be repaid as invoices for work done are received by the Agency. During the fiscal year 2008, nothing was repaid to Jake Investments. The entire amount is considered a short term liability, as it is estimated this amount will be repaid in the coming year.

William Street- The long-term note payable balance of \$29,305 at September 30, 2008, is a note payable to the City of Post Falls with no interest. The loan was made in order to cover the cost of improvements made to infrastructure in the Center Point urban renewal district. The debt will be repaid as invoices for work done are received by the Agency. During the fiscal year 2008, nothing was repaid. There is no repayment schedule. The entire amount is considered a short term liability, as it is estimated this amount will be repaid in the coming year.

Washington Trust Bank – During fiscal 2005, the Agency entered into an agreement to participate in one-third of the cost of a water reservoir to be constructed on the Center Point property, up to \$500,000. The \$498,000 financing was secured through Washington Trust Bank on September 29, 2005. The Agency paid \$492,827 in October 2005. The difference between the \$498,000 financed and the \$492,827 paid was due to capitalized loan costs. The stated rate of 4.53% on the note is adjustable after five years. The adjustment is based on the current index plus 2.25%. The annual requirements to service the debt are as follows:

<u>Fiscal Year ending</u> <u>September 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.53%	\$ 49,800	\$16,074	\$ 65,874
2010	4.53%	49,800	13,818	63,618
2011	4.53%	49,800	11,562	61,362
2012	4.53%	49,800	9,306	59,106
2013	4.53%	49,800	7,050	56,850
2014	4.53%	49,800	4,794	54,594
2015	4.53%	49,800	2,538	52,338
2016	4.53%	<u>24,900</u>	<u>421</u>	<u>25,321</u>
		<u>\$373,500</u>	<u>\$65,563</u>	<u>\$439,063</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

#### NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)

The changes in long-term debt for the year ending September 30, 2008 are as follows:

Within	Beginning			Ending		Due
	<u>Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u>	<u>One Year</u>	
City	\$130,130		\$ 130,130			
Washington Trust Bank	423,300		49,800	\$373,500		\$ 49,800
4 <sup>th</sup> Street	662,527		592,754	69,773		69,773
Centennial Trail	20,000			20,000		20,000
Fountain Project	9,424		9,424			
Williams Street	<u>29,305</u>			<u>29,305</u>		<u>29,305</u>
	<u>\$1,274,686</u>		<u>\$782,108</u>	<u>\$492,578</u>		<u>\$168,878</u>

#### Agency Cash and Investments

At September 30, 2008, the carrying amount of the Agency's deposits was \$3,747,126 and the bank balance was \$3,715,332. The cash and investments on deposit with various financial institutions are recorded at cost and categorized as follows as of September 30, 2008:

Funds held in the Agency's name by the Idaho State Investment Pool	\$3,602,187
Amount insured by FDIC	101,099
Amount uninsured	<u>12,046</u>
	<u>\$3,715,332</u>

Investments are stated at cost, which materially approximates market value, and are comprised of the Idaho State pooled investment. Investments on hand at September 30, 2008 meet the guidelines as set by regulations of the State of Idaho.

State statutes authorize the agency's investments. The Post Falls Urban Renewal Agency is authorized to invest in U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, government pool and money market funds consisting of any of these securities listed. Category 1 includes investments that are insured or registered for which the securities are held by the Agency or its agent in the Agency's name. Category 2 includes investments that are uninsured and unregistered, or for which securities are held by the counter party's trust department or agent in the entity's name. The short-term investment pools are not evidenced by securities that exist in physical or book entry form and accordingly, are not categorized for credit risk.

Investments in 2a7-like pools are valued based upon the value of pool shares. The Agency invests in one 2a7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. GASB Statement No. 3 as amended and 40 require the Agency to assign risk categories for its investments, except those in which securities are not used as evidence of the investment.

**City of Post Falls**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2008**

**NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)**

The balances above that the Agency has in the State Investment Pool are carried at cost which approximates fair market value. The Agency's portion of the State Investment Pool had an unrealized loss of \$1,441 as of September 30, 2008 which has not been recognized in the financial statement.

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

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

The following schedule classifies the investments of the Agency as of September 30, 2008, in the above noted categories:

	<u>Fair Market Value</u>			<u>Carrying Amount</u>
	<u>Category</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	
Investment in Local Government Investment Pool	<u>\$3,600,746</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$3,602,187</u>

Financial information is available by contacting the Idaho State Treasurer at:

Idaho State Treasurer  
P.O. Box 83720  
Boise, Idaho 83720-0091

**NOTE 9: EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS**

The City did not have any funds with expenditures in excess of appropriations during the current fiscal year.

**NOTE 10: DEFICIT FUND EQUITY**

The following funds had a deficit fund equity at September 30, 2008:

<u>Fund</u>	<u>Deficit</u>
Special Revenue: 911 Support	\$517,975

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

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2008

### NOTE 11: COMMITMENTS AND CONTINGENCIES

Commitments –The City is currently working on a number of sewer projects. The first and largest project is the wastewater treatment plant upgrade. The City is also completing a couple of lift station upgrades, a prairie wastewater master plan, and a land acquisition project. The water is also installing a new well. All projects should be completed in FY 09, with the exception of the wastewater treatment plant upgrade. It will take place over several fiscal years.

Last, the City has a transportation project that was started in FY 08 and will be completed in FY 09. This project, a pedestrian/bike path along 15<sup>th</sup> Avenue, will be paid for by Capital Impact fees and a State transportation grant.

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 12: 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 13: TRANSFERS

The composition of interfund transfers as of September 30, 2008, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,188,179	\$ 380,850
Capital Fund	738,372	424,240
Nonmajor Governmental Funds	1,800	12,800
Enterprise Funds	<u>                    </u>	<u>1,110,461</u>
Totals	<u>\$1,928,351</u>	<u>\$1,928,351</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

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2008

### NOTE 13: TRANSFERS (Continued)

for the transfer of funds from the General fund to the Capital fund was to pay for the new City Hall. The principal purpose for the transfer of funds from the Nonmajor governmental funds to the General fund is to cover the administrative costs of the Street light fund and cover the administrative costs of the 911 Support fund. The principal purpose for the transfer of funds from the Nonmajor governmental funds to the Capital fund was to assist with the building of the New City Hall. The balance of the transfers was to use the LID Guarantee fund to help pay for bonds on LID 91-1.

### NOTE 14: INTERFUND RECEIVABLES/PAYABLES:

The composition of interfund balances as of September 30, 2008 is as follows:

Interfund receivable/payable:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 931,904	\$ 24,445
Capital Fund		3,536,330
Nonmajor Governmental Funds		574,679
Enterprise Funds	<u>3,203,550</u>	<u>                    </u>
Totals	<u>\$4,135,454</u>	<u>\$4,135,454</u>

One of the purposes for the interfund/payables in the City are to cover negative cash balances at year-end. These are short-term interfund/payables and are intended to be corrected within the next fiscal year. This would include the Nonmajor Governmental funds payables. The exceptions to this are the borrowing from the Enterprise funds. The General Fund owes \$24,445 to the Sewer Fund for the construction of an animal shelter in 2006 that will be paid over the next two to five years. The 911 Support Fund owes \$69,356 to the Water Fund and \$447,419 to the Sewer Fund for construction of a wireless communication tower in 2007 that will be paid over the next five to ten years. The Capital Fund owes \$665,583 to the Water Fund, \$1,996,747 to the Sewer Fund, and \$874,000 to the General Fund for construction of the New City Hall in 2007, to be paid back over the next 20 years.

### NOTE 15: 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.

# City of Post Falls

## NOTES TO FINANCIAL STATEMENTS September 30, 2008

### NOTE 15: RISK MANAGEMENT (Continued)

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

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

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

### NOTE 16: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds and net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$8,230,347 difference are as follows:

Bonds payable	\$3,170,001
Accrued interest payable	83,295
Capital leases payable	4,090,323
Compensated absences	<u>886,728</u>
Net adjustment to reduce fund <i>balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$8,230,347</u>

## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

#### NOTE 16: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains the “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and report as depreciation expense.” The details of this \$6,838,134 are as follows:

Capital outlay	\$8,595,303
Deleted Assets	(305,193)
Depreciation	<u>(1,451,976)</u>

Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$6,838,134</u>
--	--------------------

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.” The details of this \$1,582,607 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ -0-
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Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>1,582,607</u>
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Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$1,582,607</u>
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Another element of that reconciliation states that “Some revenues in the statement of activities do not provide current financial resources and are not reported as revenue in the funds. The details of this \$(100,429) difference are as follows:

Property taxes	\$ 77,722
Special Assessment debt issued and repaid	<u>(178,151)</u>

Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(100,429)</u>
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## City of Post Falls

### NOTES TO FINANCIAL STATEMENTS September 30, 2008

#### NOTE 16: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$397,151 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ (50,138)
Compensated absences	(729,012)
Principal repayments:	
General obligation debt	145,000
Capital lease financing	353,480
Compensated absences	573,839
Special assessment debt	100,000
Accrued interest payable	<u>3,982</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 397,151</u>

#### NOTE 17: PRIOR PERIOD ADJUSTMENTS

During FY 07 the City incorrectly recognized a \$920,000 internal borrowing from the General Fund to the Capital Fund as a fund transfer. The amounts have been corrected as follows:

As previously reported, September 30, 2007	
General Fund Balance	\$5,423,748
Capital Fund Balance	8,068,180
As restated, September 30, 2007	
General Fund Balance	\$6,343,748
Capital Fund Balance	7,148,180

During FY 07 the City incorrectly recognized depreciation between the Governmental Capital Assets and the Business Capital Assets. The amount was \$5,817 and was reported under Equipment. Also, previous to FY 07 the City also failed to recognize sewer additions in the amount of \$465,828. The amounts have been corrected as follows:

As previously reported, September 30, 2007	
Governmental Activities Accumulated Depreciation - Equipment	\$ (2,261,921)
Governmental Net Assets	51,741,945
Business-Types Activities Accumulated Depreciation – Equipment	(1,116,179)
Business-Types Activities Capital Assets – Sewer System	44,312,001
Business-Type Net Assets	81,856,125
As restated, September 30, 2007	
Governmental Activities Accumulated Depreciation - Equipment	\$ (2,267,738)
Governmental Net Assets	51,736,128
Business-Types Activities Accumulated Depreciation – Equipment	(1,110,362)
Business-Types Activities Capital Assets – Sewer System	44,777,829
Business-Type Net Assets	82,327,770



## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

Notes to the Required Supplementary Information

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

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

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

**General Fund**

**City of Post Falls  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances-Budget and Actual  
For the Year Ended September 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
General taxes	\$ 8,352,755	\$ 8,352,755	\$ 8,320,641	\$ (32,114)
Intergovernmental revenue	3,053,456	3,418,374	3,525,099	106,725
Charges for services	1,982,937	2,190,387	2,088,433	(101,954)
Other revenue	308,399	364,310	508,262	143,952
Interest	134,500	134,500	372,037	237,537
Total revenues	<u>13,832,047</u>	<u>14,460,326</u>	<u>14,814,472</u>	<u>354,146</u>
<b>Expenditures</b>				
Current:				
General government	6,384,465	6,763,937	5,355,121	1,408,816
Public safety	3,752,885	4,148,136	4,075,855	72,281
Highways and public works	2,100,269	1,826,235	1,726,575	99,660
Culture and recreation	1,446,053	1,478,092	1,532,715	(54,623)
Capital outlay	552,804	1,015,944	702,070	313,874
Debt service				
Principal	424,400	424,400	424,373	27
Interest	239,350	239,350	237,426	1,924
Total expenditures	<u>14,900,226</u>	<u>15,896,094</u>	<u>14,054,135</u>	<u>1,841,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,068,179)</u>	<u>(1,435,768)</u>	<u>760,337</u>	<u>2,196,105</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds of capital financing	180,000	37,427	50,138	12,711
Transfers in	1,188,179	1,188,179	1,188,179	
Transfers (out)	(375,000)	(375,000)	(380,850)	(5,850)
Total other financing sources (uses)	<u>993,179</u>	<u>850,606</u>	<u>857,467</u>	<u>6,861</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	<u>(75,000)</u>	<u>(585,162)</u>	<u>1,617,804</u>	<u>2,202,966</u>
Fund balances - beginning	<u>6,343,748</u>	<u>6,343,748</u>	<u>6,343,748</u>	
Fund balances - ending	<u>\$ 6,268,748</u>	<u>\$ 5,758,586</u>	<u>\$ 7,961,552</u>	<u>\$ 2,202,966</u>

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

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

### **Debt Service Funds**

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

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

LID 96-1 - 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, 2008**

	Special Revenue Funds						Debt Service Funds						Total Other Governmental Funds	
	Cemetery Perpetual Care	HUD Loan Fund	Falls Park Signs	Special Events	Street Lights	911 Support	Drug Seizure	LID 99-1	LID 96-1	LID 91-1	CLID #2	LID 89-1		LID Guarantee
<b>Assets</b>														
Cash	\$122,121	\$ 1,299	\$ 1,585	\$ 74,472	\$187,138	\$ 33	\$ 13,512	\$ 131,064	\$ 22,680		\$ 115	\$ 125	\$ 66,282	\$ 620,426
Accounts receivable:														
Loans receivable		8,975												8,975
Miscellaneous									17,669	\$ 555	275	609		19,108
Customers	233				32,810	65,922								98,965
Assessments - delinquent - deferred								82,712	15,447	463	256	509		16,675
Accrued interest	164	2	2	100	240		18	179	31				89	825
Total assets	<u>\$122,518</u>	<u>\$ 10,276</u>	<u>\$ 1,587</u>	<u>\$ 74,572</u>	<u>\$220,188</u>	<u>\$ 65,955</u>	<u>\$ 13,530</u>	<u>\$ 213,955</u>	<u>\$ 70,147</u>	<u>\$ 1,513</u>	<u>\$ 646</u>	<u>\$ 1,243</u>	<u>\$ 66,371</u>	<u>\$ 862,501</u>
<b>Liabilities and Fund balances</b>														
<b>Liabilities:</b>														
Accounts payable					\$ 23,935	\$ 9,758								\$ 33,693
Interfund payable						574,172				\$ 507				574,679
Deferred revenue		\$ 8,975					\$ 82,712	\$ 29,767		958	\$ 256	\$ 509		123,177
Total liabilities		<u>8,975</u>			<u>23,935</u>	<u>583,930</u>	<u>82,712</u>	<u>29,767</u>	<u>1,465</u>	<u>256</u>	<u>509</u>			<u>731,549</u>
<b>Fund balances:</b>														
Undesignated	\$122,518	1,301	\$ 1,587	\$ 74,572	196,253	(517,975)	\$ 13,530	131,243	40,380	48	390	734	\$ 66,371	130,952
Total fund balances	<u>122,518</u>	<u>1,301</u>	<u>1,587</u>	<u>74,572</u>	<u>196,253</u>	<u>(517,975)</u>	<u>13,530</u>	<u>131,243</u>	<u>40,380</u>	<u>48</u>	<u>390</u>	<u>734</u>	<u>66,371</u>	<u>130,952</u>
Total liabilities and fund balances	<u>\$122,518</u>	<u>\$ 10,276</u>	<u>\$ 1,587</u>	<u>\$ 74,572</u>	<u>\$220,188</u>	<u>\$ 65,955</u>	<u>\$ 13,530</u>	<u>\$ 213,955</u>	<u>\$ 70,147</u>	<u>\$ 1,513</u>	<u>\$ 646</u>	<u>\$ 1,243</u>	<u>\$ 66,371</u>	<u>\$ 862,501</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, 2008**

	Special Revenue Funds							Debt Service Funds					Total Other Governmental Funds	
	Cemetery Perpetual Care	HUD Loan Fund	Falls Park Signs	Special Events	Street Lights	911 Support	Drug Seizure	LID 99-1	LID 96-1	LID 91-1	CLID #2	LID 89-1		LID Guarantee
<b>Revenues:</b>														
Charges-services/program remittances				\$ 24,306	\$309,709	\$ 60,000								\$ 394,015
Other revenue	\$ 38,950			861	6,619	259,889	\$ 59,217							365,536
Principal								\$ 5,261	\$ 23,337			\$ 222		28,820
Interest	3,050	\$ 39	\$ 47	2,408	5,218	2,380	1,100	9,695	4,841		\$ 3	42	\$ 2,013	30,836
Total revenues	42,000	39	47	27,575	321,546	322,269	60,317	14,956	28,178		3	264	2,013	819,207
<b>Expenditures:</b>														
Current:														
General government								2,100	850					2,950
Public safety						93,385	22,769							116,154
Highways and public works					281,667									281,667
Culture and recreation				29,300										29,300
Capital outlay						189,860	30,121							219,981
Debt service:														
Principal								15,000	40,000					55,000
Interest						25,446		10,148	4,635					40,229
Total expenditures				29,300	281,667	308,691	52,890	27,248	45,485					745,281
<b>Excess (deficiency) of revenues over expenditures</b>	42,000	39	47	(1,725)	39,879	13,578	7,427	(12,292)	(17,307)		3	264	2,013	73,926
<b>Other financing sources (uses):</b>														
Transfers in									1,800					1,800
Transfers out					(11,000)								(1,800)	(12,800)
Total other financing sources (uses)					(11,000)				1,800				(1,800)	(11,000)
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	42,000	39	47	(1,725)	28,879	13,578	7,427	(12,292)	(17,307)	1,800	3	264	213	62,926
<b>Fund balances, beginning</b>	80,518	1,262	1,540	76,297	167,374	(531,553)	6,103	143,535	57,687	(1,752)	387	470	66,158	68,026
<b>Fund balances, ending</b>	\$122,518	\$ 1,301	\$ 1,587	\$ 74,572	\$196,253	\$(517,975)	\$ 13,530	\$ 131,243	\$ 40,380	\$ 48	\$ 390	\$ 734	\$ 66,371	\$ 130,952

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

**Major Governmental Funds**

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

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

**City of Post Falls  
Debt Service Fund  
LID 2004-1  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances-Budget and Actual  
For the Year Ended September 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Principal	\$ 90,000	\$ 90,000	\$ 151,890	\$ 61,890
Interest	115,000	115,000	135,350	20,350
Total revenues	<u>205,000</u>	<u>205,000</u>	<u>287,240</u>	<u>82,240</u>
 <b>Expenditures</b>				
Current:				
General government	21,400	21,400	21,400	
Capital outlay				
Debt Service				
Principal	45,000	45,000	45,000	
Interest	104,268	104,268	104,268	
Total expenditures	<u>170,668</u>	<u>170,668</u>	<u>170,668</u>	
Excess (deficiency) of revenues over expenditures	<u>34,332</u>	<u>34,332</u>	<u>116,572</u>	<u>82,240</u>
 <b>Other Financing Sources (Uses)</b>				
Total other financing sources (uses)				
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	34,332	34,332	116,572	82,240
Fund balances - beginning	<u>367,229</u>	<u>367,229</u>	<u>367,229</u>	
Fund balances - ending	<u>\$ 401,561</u>	<u>\$ 401,561</u>	<u>\$ 483,801</u>	<u>\$ 82,240</u>



**City of Post Falls  
Capital Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances-Budget and Actual  
For the Year Ended September 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue		\$ 809,318	\$ 917,168	\$ 107,850
Charges for services	\$ 1,277,000	1,277,000	1,257,771	(19,229)
Other revenue	429,726	446,226	109,081	(337,145)
Interest	27,500	59,500	236,583	177,083
Total revenues	<u>1,734,226</u>	<u>2,592,044</u>	<u>2,520,603</u>	<u>(71,441)</u>
<b>Expenditures</b>				
Current:				
General government	654,726	654,726	46,544	608,182
Capital outlay	8,107,740	9,648,330	7,673,252	1,975,078
Debt Service				
Principal	305,000	205,000	74,107	130,893
Interest	173,800	151,531	147,978	3,553
Total expenditures	<u>9,241,266</u>	<u>10,659,587</u>	<u>7,941,881</u>	<u>2,717,706</u>
Excess (deficiency) of revenues over expenditures	<u>(7,507,040)</u>	<u>(8,067,543)</u>	<u>(5,421,278)</u>	<u>2,646,265</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	675,000	675,000	738,372	63,372
Transfers (out)	(75,000)	(75,000)	(424,240)	(349,240)
Total other financing sources (uses)	<u>600,000</u>	<u>600,000</u>	<u>314,132</u>	<u>(285,868)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	<u>(6,907,040)</u>	<u>(7,467,543)</u>	<u>(5,107,146)</u>	<u>2,360,397</u>
Fund balances - beginning	<u>7,148,180</u>	<u>7,148,180</u>	<u>7,148,180</u>	
Fund balances - ending	<u>\$ 241,140</u>	<u>\$ (319,363)</u>	<u>\$ 2,041,034</u>	<u>\$ 2,360,397</u>

# **Nonmajor Governmental Funds**

## **Special Revenue Funds**

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

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

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

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

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

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

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

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

## **Debt Service Funds**

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

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

LID 96-1 - 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  
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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Other revenue	\$ 20,000	\$ 38,950	\$ 18,950
Interest		3,050	3,050
Total revenues	<u>20,000</u>	<u>42,000</u>	<u>22,000</u>
<b>Expenditures:</b>			
Current:	<u>20,000</u>		<u>20,000</u>
Total expenditures	<u>20,000</u>		<u>20,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>42,000</u>	<u>42,000</u>
<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>		42,000	42,000
<b>Fund balances, beginning</b>	<u>80,518</u>	<u>80,518</u>	
<b>Fund balances, ending</b>	<u>\$ 80,518</u>	<u>\$ 122,518</u>	<u>\$ 42,000</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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Interest		\$ 39	\$ 39
Total revenues		39	39
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		39	39
<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>		39	39
<b>Fund balances, beginning</b>	\$ 1,262	1,262	
<b>Fund balances, ending</b>	\$ 1,262	\$ 1,301	\$ 39

**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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Interest		\$ 47	\$ 47
Total revenues		47	47
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		47	47
<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>		47	47
<b>Fund balances, beginning</b>	\$ 1,540	1,540	
<b>Fund balances, ending</b>	\$ 1,540	\$ 1,587	\$ 47

**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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Charges-services/programs	\$ 40,125	\$ 24,306	\$ (15,819)
Other revenue	3,125	861	(2,264)
Interest		2,408	2,408
Total revenues	<u>43,250</u>	<u>27,575</u>	<u>(15,675)</u>
<b>Expenditures:</b>			
Culture and recreation	<u>43,250</u>	<u>29,300</u>	<u>13,950</u>
Total expenditures	<u>43,250</u>	<u>29,300</u>	<u>13,950</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>		<u>(1,725)</u>	<u>(1,725)</u>
<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>		(1,725)	(1,725)
<b>Fund balances, beginning</b>	<u>76,297</u>	<u>76,297</u>	
<b>Fund balances, ending</b>	<u>\$ 76,297</u>	<u>\$ 74,572</u>	<u>\$ (1,725)</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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Charges-services/programs	\$ 294,500	\$ 309,709	\$ 15,209
Other revenue		6,619	6,619
Interest	1,500	5,218	3,718
Total revenues	<u>296,000</u>	<u>321,546</u>	<u>25,546</u>
<b>Expenditures:</b>			
Highways and public works	285,000	281,667	3,333
Total expenditures	<u>285,000</u>	<u>281,667</u>	<u>3,333</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>11,000</u>	<u>39,879</u>	<u>28,879</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 expenditures and other financing (uses)</b>		28,879	28,879
<b>Fund balances, beginning</b>	<u>167,374</u>	<u>167,374</u>	
<b>Fund balances, ending</b>	<u>\$ 167,374</u>	<u>\$ 196,253</u>	<u>\$ 28,879</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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Charges-services/programs	\$ 63,000	\$ 60,000	\$ (3,000)
Other revenue	261,095	259,889	(1,206)
Interest	3,000	2,380	(620)
Total revenues	<u>327,095</u>	<u>322,269</u>	<u>(4,826)</u>
<b>Expenditures:</b>			
Public safety	104,013	93,385	10,628
Capital outlay	182,082	189,860	(7,778)
Debt service - interest	87,000	25,446	61,554
Total expenditures	<u>373,095</u>	<u>308,691</u>	<u>64,404</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(46,000)</u>	<u>13,578</u>	<u>59,578</u>
<b>Other financing sources (uses):</b>			
Total other financing sources (uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</b>	<u>(46,000)</u>	<u>13,578</u>	<u>59,578</u>
<b>Fund balances, beginning</b>	<u>(531,553)</u>	<u>(531,553)</u>	<u>                    </u>
<b>Fund balances, ending</b>	<u>\$ (577,553)</u>	<u>\$ (517,975)</u>	<u>\$ 59,578</u>



**City of Post Falls  
 Drug Seizure Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balances-Budget and Actual  
 For the fiscal years ended September 30, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Other revenue	\$ 94,407	\$ 59,217	\$ (35,190)
Interest		1,100	\$ 1,100
Total revenues	<u>94,407</u>	<u>60,317</u>	<u>(34,090)</u>
 <b>Expenditures:</b>			
Public safety	75,510	22,769	52,741
Capital outlay	<u>25,000</u>	<u>30,121</u>	<u>(5,121)</u>
Total expenditures	<u>100,510</u>	<u>52,890</u>	<u>47,620</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(6,103)</u>	<u>7,427</u>	<u>13,530</u>
 <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>	<u>(6,103)</u>	<u>7,427</u>	<u>13,530</u>
 <b>Fund balances, beginning</b>	<u>6,103</u>	<u>6,103</u>	
 <b>Fund balances, ending</b>	<u>\$</u>	<u>\$ 13,530</u>	<u>\$ 13,530</u>

**City of Post Falls**  
**LID 99-1 Debt Service Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances-Budget and Actual**  
**For the fiscal years ended September 30, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Principal	\$ 5,100	\$ 5,261	\$ 161
Interest	5,300	9,695	4,395
Total revenues	<u>10,400</u>	<u>14,956</u>	<u>4,556</u>
<b>Expenditures:</b>			
General governmental	2,100	2,100	
Debt service - principal	15,000	15,000	
- interest	<u>10,148</u>	<u>10,148</u>	
Total expenditures	<u>27,248</u>	<u>27,248</u>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(16,848)</u>	<u>(12,292)</u>	<u>4,556</u>
<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>	(16,848)	(12,292)	4,556
<b>Fund balances, beginning</b>	<u>143,535</u>	<u>143,535</u>	
<b>Fund balances, ending</b>	<u>\$ 126,687</u>	<u>\$ 131,243</u>	<u>\$ 4,556</u>

**City of Post Falls**  
**LID 96-1 Debt Service Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances-Budget and Actual**  
**For the fiscal years ended September 30, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Principal	\$ 34,000	\$ 23,337	\$ (10,663)
Interest	3,500	4,841	1,341
Total revenues	<u>37,500</u>	<u>28,178</u>	<u>(9,322)</u>
<b>Expenditures:</b>			
General governmental	850	850	
Debt service - principal	40,000	40,000	
- interest	4,635	4,635	
Total expenditures	<u>45,485</u>	<u>45,485</u>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(7,985)</u>	<u>(17,307)</u>	<u>(9,322)</u>
<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>	(7,985)	(17,307)	(9,322)
<b>Fund balances, beginning</b>	<u>57,687</u>	<u>57,687</u>	
<b>Fund balances, ending</b>	<u>\$ 49,702</u>	<u>\$ 40,380</u>	<u>\$ (9,322)</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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Total revenues			
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>			
<b>Other financing sources:</b>			
Operating transfers in	\$ 1,800	\$ 1,800	
Total other financing sources (uses)	1,800	1,800	
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</b>	1,800	1,800	
<b>Fund balances, beginning</b>	(1,752)	(1,752)	
<b>Fund balances, ending</b>	\$ 48	\$ 48	

**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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Interest	\$	3	\$ 3
Total revenues		3	3
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		3	3
<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>		3	3
<b>Fund balances, beginning</b>	\$ 387	387	
<b>Fund balances, ending</b>	\$ 387	\$ 390	\$ 3

**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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Principal		\$ 222	\$ 222
Interest		42	42
Total revenues		264	264
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		264	264
<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>		264	264
<b>Fund balances, beginning</b>	\$ 470	470	
<b>Fund balances, ending</b>	\$ 470	\$ 734	\$ 264

**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, 2008**

	2008		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
<b>Revenues:</b>			
Interest		\$ 2,013	\$ 2,013
Total revenues		2,013	2,013
<b>Expenditures:</b>			
Total expenditures			
<b>Excess (deficiency) of revenues over (under) expenditures</b>		2,013	2,013
<b>Other financing sources (uses):</b>			
Operating transfers out	\$ (1,800)	(1,800)	
Total other financing sources (uses)	(1,800)	(1,800)	
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</b>	(1,800)	213	2,013
<b>Fund balances, beginning</b>	66,158	66,158	
<b>Fund balances, ending</b>	\$ 64,358	\$ 66,371	\$ 2,013

# CITY OF POST FALLS, IDAHO

## *Statistical Section*



ABOVE: A water feature is a prominent feature of the City Hall plaza

INSERT: City Hall construction showing the SW plaza view



## STATISTICAL SECTION

This part of the City of Post Falls, Idaho's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	75-80
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the room tax.	81-85
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	86-92
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	93-95
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	96-100

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003 schedules presenting government-wide information include information beginning that year.

Table #1

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Governmental activities:</b>						
Invested in capital assets, net of related debt	\$ 9,017,852	\$ 13,097,421	\$ 12,856,812	\$ 21,984,148	\$ 36,222,792	\$ 45,191,875
Restricted	833,042	734,213	872,546	6,539,791	9,482,313	3,616,343
Unrestricted	4,806,132	7,306,691	10,358,219	8,642,267	6,031,023	8,335,529
<b>Total governmental activities net assets</b>	<b>\$ 14,657,026</b>	<b>\$ 21,138,325</b>	<b>\$ 24,087,577</b>	<b>\$ 37,166,206</b>	<b>\$ 51,736,128</b>	<b>\$ 57,143,747</b>
<b>Business-type activities:</b>						
Invested in capital assets, net of related debt	\$ 36,623,300	\$ 40,559,918	\$ 44,487,590	\$ 46,839,184	\$ 52,836,337	\$ 55,575,732
Restricted	3,075,936	3,475,869	4,699,749	5,903,678	7,657,572	10,022,627
Unrestricted	11,138,123	14,994,784	18,104,442	21,429,394	21,833,861	21,892,917
<b>Total business-type activities net assets</b>	<b>\$ 50,837,359</b>	<b>\$ 59,030,571</b>	<b>\$ 67,291,781</b>	<b>\$ 74,172,256</b>	<b>\$ 82,327,770</b>	<b>\$ 87,491,276</b>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 45,641,152	\$ 53,657,339	\$ 57,344,402	\$ 68,823,332	\$ 89,059,129	\$ 100,767,607
Restricted	3,908,978	4,210,082	5,572,295	12,443,469	17,139,885	13,638,970
Unrestricted	15,944,255	22,301,475	28,462,661	30,071,661	27,864,884	30,228,446
<b>Total primary government net assets</b>	<b>\$ 65,494,385</b>	<b>\$ 80,168,896</b>	<b>\$ 91,379,358</b>	<b>\$ 111,338,462</b>	<b>\$ 134,063,898</b>	<b>\$ 144,635,023</b>

Note: Accrual-basis financial information for the City as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

**City of Post Falls  
Changes In Net Assets  
Last Six Fiscal Years  
(Accrual-Basis of Accounting)**

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Governmental activities:						
General government	\$ 3,446,537	\$ 3,908,589	\$ 4,296,656	\$ 4,880,704	\$ 5,701,979	\$ 5,979,508
Public safety	2,887,150	3,171,924	3,409,806	3,593,961	4,065,252	4,447,348
Highways and public works	1,521,094	1,701,489	3,750,058	2,576,928	2,422,039	2,681,745
Cultural and recreation	983,357	1,172,659	1,233,832	1,350,230	1,594,522	1,686,824
Interest on long term debt	374,533	325,229	362,559	428,521	434,931	525,919
Total governmental activities expenses	<u>9,212,671</u>	<u>10,279,890</u>	<u>13,052,911</u>	<u>12,830,344</u>	<u>14,218,723</u>	<u>15,321,344</u>
Business-type activities:						
Water	914,653	995,763	1,290,046	1,412,346	1,447,266	1,448,401
Sewer	1,898,449	2,224,803	2,358,255	2,863,232	2,703,705	3,136,575
Sanitation	889,681	955,858	1,114,246	1,202,137	1,281,986	1,356,495
Total business-type activities expenses	<u>3,702,783</u>	<u>4,176,424</u>	<u>4,762,547</u>	<u>5,477,715</u>	<u>5,432,957</u>	<u>5,941,471</u>
Total primary government expenses	<u>\$ 12,915,454</u>	<u>\$ 14,456,314</u>	<u>\$ 17,815,458</u>	<u>\$ 18,308,059</u>	<u>\$ 19,651,680</u>	<u>\$ 21,262,815</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General government	\$ 2,081,301	\$ 2,591,268	\$ 2,753,370	\$ 2,141,369	\$ 1,763,765	\$ 1,543,133
Public safety	365,513	397,946	446,423	567,520	755,149	818,834
Highways and public works	453,341	574,995	564,228	912,773	1,206,647	1,097,468
Cultural and recreation	601,734	730,743	789,159	1,245,372	1,214,653	916,117
Operating grants and contributions	305,083	210,574	248,978	258,756	560,896	796,891
Capital grants and contributions	620,063	3,855,708	2,082,757	10,280,692	6,382,770	2,655,088
Total governmental activities program revenues	<u>4,427,035</u>	<u>8,361,234</u>	<u>6,884,915</u>	<u>15,406,482</u>	<u>11,883,880</u>	<u>7,827,531</u>
Business-type activities:						
Charges for services:						
Water	1,448,160	1,596,599	1,773,912	1,994,463	2,095,496	2,035,430
Sewer	2,640,879	3,065,150	3,344,028	3,956,633	4,177,428	4,615,976
Sanitation	1,062,573	1,151,549	1,334,065	1,489,071	1,595,944	1,705,759
Capital grants and contributions	3,410,490	6,813,384	6,971,034	5,020,402	5,559,972	2,778,366
Total business-type activities program revenues	<u>8,562,102</u>	<u>12,626,682</u>	<u>13,423,039</u>	<u>12,460,569</u>	<u>13,428,840</u>	<u>11,135,531</u>
Total primary government program revenues	<u>\$ 12,989,137</u>	<u>\$ 20,987,916</u>	<u>\$ 20,307,954</u>	<u>\$ 27,867,051</u>	<u>\$ 25,312,720</u>	<u>\$ 18,963,062</u>

Table #2  
(Continued)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Net (Expense)/Revenue</b>						
Governmental activities	(4,785,636)	(1,918,656)	(6,167,996)	2,576,138	(2,334,843)	(7,493,813)
Business-type activities	4,859,319	8,450,258	8,660,492	6,982,854	7,995,883	5,194,060
Total primary government net (expense)/revenue	\$ 73,683	\$ 6,531,602	\$ 2,492,496	\$ 9,558,992	\$ 5,661,040	\$ (2,299,753)
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Property taxes	4,751,170	4,990,766	5,452,343	6,228,757	7,191,562	8,017,157
Other taxes and licenses	1,980,691	2,160,571	2,386,998	2,681,188	3,220,308	3,301,797
Unrestricted intergovernmental revenues						
Grants and contributions not restricted to specific programs						
Unrestricted investment earnings	206,303	145,760	375,469	633,704	1,007,266	774,806
Gains (losses) on sale of capital assets	29,686	1,763	2,708	1,502	10,853	(302,789)
Transfers	796,222	870,540	899,730	957,340	1,532,034	1,110,461
Total governmental activities	7,764,072	8,169,400	9,117,248	10,502,491	12,962,023	12,901,432
Business-type activities:						
Unrestricted investment earnings	280,123	241,539	416,271	854,961	1,218,220	1,079,907
Gains (losses) on sale of capital assets		2,100	84,177		1,800	
Transfers	(796,222)	(870,540)	(899,730)	(957,340)	(1,532,034)	(1,110,461)
Total business-type activities	(516,099)	(626,901)	(399,282)	(102,379)	(312,014)	(30,554)
Total primary government	\$ 7,247,973	\$ 7,542,499	\$ 8,717,966	\$ 10,400,112	\$ 12,650,009	\$ 12,870,878
<b>Changes in Net Assets</b>						
Governmental activities	\$ 2,978,436	\$ 6,250,744	\$ 2,949,252	\$ 13,078,629	\$ 10,627,180	\$ 5,407,619
Business-type activities	4,343,220	7,823,357	8,261,210	6,880,475	7,683,869	5,163,506
Total primary government	\$ 7,321,656	\$ 14,074,101	\$ 11,210,462	\$ 19,959,104	\$ 18,311,049	\$ 10,571,125

Note: Accrual-basis financial information for the City as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

**Table # 3**

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

---

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Motor Fuel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2002-03	4,751,170.00	803,713.00	866,140.00	310,838.00	6,731,861.00
2003-04	4,990,766.00	880,323.00	912,867.00	367,381.00	7,151,337.00
2004-05	5,452,343.00	1,022,177.00	979,582.00	385,239.00	7,839,341.00
2005-06	6,228,757.00	1,234,141.00	1,030,468.00	416,579.00	8,909,945.00
2006-07	7,191,562.00	1,449,594.00	1,185,285.00	585,429.00	10,411,870.00
2007-08	\$ 8,017,157.00	\$ 1,486,213.00	\$ 1,197,377.00	\$ 618,207.00	\$ 11,318,954.00

Note: Accrual-basis financial information for the City as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Fund</b>										
Reserved for:										
Library and art activities	\$ 39,629	\$ 27,732	\$ 25,470	\$ 21,272	\$ 88,660	\$ 23,773	\$ 26,816	\$ 49,401	\$ 55,618	\$ 62,790
Unreserved										
Designated for improvements	421,886	449,510	144,226	175,124	164,255	257,832	491,326	532,270	724,801	789,552
Undesignated	1,818,067	2,383,173	3,630,430	7,244,405	3,129,042	4,118,284	4,922,894	6,348,640	4,643,329	7,109,210
<b>Total General Fund</b>	<b>\$ 2,279,582</b>	<b>\$ 2,860,415</b>	<b>\$ 3,800,126</b>	<b>\$ 7,440,801</b>	<b>\$ 3,381,957</b>	<b>\$ 4,399,889</b>	<b>\$ 5,441,036</b>	<b>\$ 6,930,311</b>	<b>\$ 5,423,748</b>	<b>\$ 7,961,552</b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Debt					\$ 352,236	\$ 352,608	\$ 354,404	\$ 356,293	\$ 354,832	\$ 363,404
Unreserved										
Special revenue funds		\$ 141,056	\$ 241,330	\$ 124,714	145,184	254,216	281,675	(203,730)	(198,459)	(108,214)
Debt service funds	\$ 494,172	410,643	302,174	272,394	(748,908)	194,219	1,832,764	524,315	633,714	722,967
Capital fund	222,415				1,817,252	2,471,442	3,492,596	5,077,512	7,713,348	1,677,630
<b>Total all other governmental funds</b>	<b>\$ 716,587</b>	<b>\$ 551,699</b>	<b>\$ 543,504</b>	<b>\$ 397,108</b>	<b>\$ 1,565,764</b>	<b>\$ 3,272,485</b>	<b>\$ 5,961,439</b>	<b>\$ 5,754,390</b>	<b>\$ 8,503,435</b>	<b>\$ 2,655,787</b>

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues:</b>										
Taxes	\$ 3,299,035	\$ 3,486,218	\$ 3,833,894	\$ 4,361,376	\$ 4,730,516	\$ 5,267,092	\$ 6,042,106	\$ 6,587,395	\$ 7,544,333	\$ 8,320,641
Intergovernmental	2,027,230	2,159,833	2,390,805	3,588,311	2,618,459	2,624,868	2,710,478	3,132,055	4,090,629	4,442,267
Charges for services	1,518,433	1,565,164	1,597,607	1,723,947	2,371,648	3,099,775	3,580,138	4,033,890	4,354,124	3,740,219
Other revenue	271,570	391,974	410,891	377,825	611,212	484,696	557,950	640,963	917,785	982,879
Special assessment revenue	245,502	123,554	125,661	107,236	162,658	686,228	282,452	547,609	205,917	180,710
Interest	235,946	274,936	345,771	211,071	165,167	145,759	375,469	633,704	1,007,266	774,806
<b>Total Revenues</b>	<b>7,597,716</b>	<b>8,001,679</b>	<b>8,704,629</b>	<b>10,369,766</b>	<b>10,659,660</b>	<b>12,308,418</b>	<b>13,548,593</b>	<b>15,575,616</b>	<b>18,120,054</b>	<b>18,441,522</b>
<b>Expenditures:</b>										
<b>Current</b>										
General government	2,116,467	2,419,524	2,571,361	2,943,384	3,283,259	3,725,937	4,069,030	4,561,224	5,381,605	5,426,015
Public safety	2,194,066	2,249,065	2,381,335	2,603,846	2,776,302	2,903,775	3,145,202	3,433,945	3,822,573	4,192,009
Highways and public works	949,289	1,048,887	1,136,381	2,487,208	2,785,694	1,555,583	3,478,417	2,252,495	1,841,807	2,008,242
Cultural and recreation	671,279	719,488	758,193	869,370	931,638	1,110,484	1,156,462	1,256,420	1,481,597	1,562,015
<b>Debt Service</b>										
Principal	714,919	356,593	348,923	372,912	500,439	453,672	498,238	3,916,445	589,655	598,480
Interest	208,923	168,731	149,392	134,225	374,533	321,973	313,437	438,255	434,069	529,901
Capital Outlay	2,540,527	1,219,679	1,279,537	2,449,428	3,708,335	794,978	2,367,801	1,722,900	4,899,437	8,595,303
<b>Total Expenditures</b>	<b>9,395,470</b>	<b>8,181,967</b>	<b>8,625,122</b>	<b>11,860,373</b>	<b>14,360,200</b>	<b>10,866,402</b>	<b>15,028,587</b>	<b>17,581,684</b>	<b>18,450,743</b>	<b>22,911,965</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,797,754)</b>	<b>(180,288)</b>	<b>79,507</b>	<b>(1,490,607)</b>	<b>(3,700,540)</b>	<b>1,442,016</b>	<b>(1,479,994)</b>	<b>(2,006,068)</b>	<b>(330,689)</b>	<b>(4,470,443)</b>
<b>Other financing sources (uses):</b>										
Debt issued	614,325		105,385	4,250,600	14,129	181,542	4,310,365	2,330,954	41,138	50,138
Operating transfers in	760,996	745,829	727,608	745,286	1,047,971	1,310,638	2,063,901	1,606,305	5,410,418	1,928,351
Operating transfers out	(213,480)	(119,580)	(11,000)	(11,000)	(251,749)	(440,098)	(1,164,171)	(648,965)	(3,878,385)	(817,890)
<b>Total other financing sources (uses)</b>	<b>1,161,841</b>	<b>626,249</b>	<b>821,993</b>	<b>4,984,886</b>	<b>810,351</b>	<b>1,052,082</b>	<b>5,210,095</b>	<b>3,288,294</b>	<b>1,573,171</b>	<b>1,160,599</b>
<b>Net change in fund balances</b>	<b>\$ (635,913)</b>	<b>\$ 445,961</b>	<b>\$ 901,500</b>	<b>\$ 3,494,279</b>	<b>\$ (2,890,189)</b>	<b>\$ 2,494,098</b>	<b>\$ 3,730,101</b>	<b>\$ 1,282,226</b>	<b>\$ 1,242,482</b>	<b>\$ (3,309,844)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>15.0%</b>	<b>8.0%</b>	<b>7.1%</b>	<b>5.6%</b>	<b>8.6%</b>	<b>8.1%</b>	<b>6.7%</b>	<b>36.5%</b>	<b>7.9%</b>	<b>8.2%</b>

**Table # 6**

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

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<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Motor Fuel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2002-03	4,492,098.00	803,713.00	866,140.00	310,838.00	6,472,789.00
2003-04	4,969,999.00	880,323.00	912,867.00	367,381.00	7,130,570.00
2004-05	6,042,106.00	1,022,177.00	979,582.00	385,239.00	8,429,104.00
2005-06	6,216,994.00	1,234,141.00	1,030,468.00	416,579.00	8,898,182.00
2006-07	7,164,627.00	1,449,594.00	1,185,285.00	585,429.00	10,384,935.00
2007-08	\$ 7,939,435.00	\$ 1,486,213.00	\$ 1,197,377.00	\$ 618,207.00	\$ 11,241,232.00

Note: Separate tax financial information for the City as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.



Table #7

**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	
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%	5.28
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
2003	1,074,115,199	187,101,426	887,013,773	56,625,250	6.82%	5.47
2004	1,258,237,363	222,571,578	1,035,665,785	148,652,012	16.76%	5.35
2005	1,459,655,088	268,780,754	1,190,874,334	155,208,549	14.99%	4.64
2006	1,701,069,379	423,200,428	1,277,868,951	86,994,617	7.31%	4.05
2007	2,738,909,864	783,533,222	1,955,376,642	677,507,691	53.02%	3.87

Note: The County is unable to provide the City with a breakdown of commercial and residential property values, so the assessed value is presented as a whole.

Table #8

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

Governmental Unit	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
City of Post Falls	4.56	3.70	4.05	4.64	5.35	5.46	5.33	5.34	5.28	5.18
%CHANGE	12.59%	-20.17%	-24.30%	-13.27%	-2.01%	2.44%	-0.19%	1.14%	1.90%	-1.70%
North Idaho College	0.73	0.48	0.53	0.71	0.74	0.77	0.77	0.77	0.94	1.03
Kootenai County	2.21	1.84	1.84	2.47	3.48	3.65	3.14	3.43	3.92	3.73
Kootenai Hospital District	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kootenai Ambulance District	0.11	0.10	0.1	0.14	0.16	0.32	0.33	0.15	0.13	0.15
School District #273	2.29	2.23	2.23	5.61	6.28	6.43	6.18	6.08	5.85	5.95
Post Falls Highway District #1	0.31	0.36	0.36	0.47	0.57	0.57	0.6	0.65	0.66	0.67
Post Falls Fire District	<u>1.40</u>	<u>1.34</u>	<u>1.34</u>	<u>1.72</u>	<u>2.06</u>	<u>1.93</u>	<u>1.69</u>	<u>1.67</u>	<u>1.50</u>	<u>1.21</u>
Total	11.61	10.05	10.45	15.76	18.64	19.13	18.04	18.09	18.28	17.92
% CHANGE FOR TOTAL	11.10%	-36.21%	-43.94%	-15.45%	-2.56%	6.04%	-0.28%	-1.04%	2.40%	5.41%

**Notes:**

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

Table # 9

**City of Post Falls  
Principal Property Taxpayers  
September 30, 2008**

<u>Taxpayer</u>	<u>Type Of Business</u>	<b>2008</b>	
		<u>Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kimball International Mkt, Inc.	Manufacturing-Furniture	\$27,092,338	1.39%
Cabelas, Inc.	Retail	\$19,900,313	1.02%
North Idaho Surgical Hospital Bldg. LLC	Medical	\$18,091,659	0.93%
Sysco Food Service, Inc.	Food Distribution Center	\$15,042,763	0.77%
Pointe LLC	Retail	\$14,905,397	0.76%
Wal-Mart Real Est. Bus./Stores Inc. #3472	Retail	\$12,607,762	0.64%
Puryear Family Trust	Homeowner	\$12,434,028	0.64%
Verizon NW, Inc.	Marketing	\$12,070,549	0.62%
Northern Idaho Advanced Care Hospital, Inc.	Medical	\$10,266,893	0.53%
Idaho Veneer	Wood Products	\$8,862,041	0.45%
Potlatch Forest Holdings	Wood Products	\$6,201,601	0.32%
Subtotal - Ten Of City's Largest Taxpayers		<u>\$157,475,344</u>	<u>8.07%</u>
All Other Taxpayers		<u>\$1,797,901,298</u>	<u>91.93%</u>
Total City Taxpayers		<u><u>\$1,955,376,642</u></u>	<u><u>100.00%</u></u>

<u>Taxpayer</u>	<u>Type Of Business</u>	<b>1998</b>	
		<u>Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kimball International Mkt, Inc.	Manufacturing-Furniture	\$31,991,775	4.59%
Factory Outlets	Retail	\$11,699,250	1.68%
Potlatch Corp.	Manufacturing-Wood Products	\$8,862,230	1.27%
Cavanaugh's Hospitality LTD Partnership	Hotels/Motels/Restaurants	\$7,742,637	1.11%
Idaho Veneer	Manufacturing-Wood Products	\$6,592,204	0.95%
James R. Watson Etux	Commercial Business Properties	\$5,567,766	0.80%
Robert Coles Etux	Golf Course	\$5,078,054	0.73%
John C Young Etal	Commercial Business Properties	\$4,581,497	0.66%
Jacklin Land Co.	Commercial Business Properties	\$4,580,327	0.66%
Tidyman's LLC	Grocery	\$3,666,412	0.53%
Subtotal - Ten Of City's Largest Taxpayers		<u>\$90,362,152</u>	<u>12.98%</u>
All Other Taxpayers		<u>\$606,250,221</u>	<u>87.02%</u>
Total City Taxpayers		<u><u>\$696,612,373</u></u>	<u><u>100.00%</u></u>

**Table #10**

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

Fiscal 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
1999	\$3,211,944	\$3,053,838	95.08%	\$150,489	\$3,204,327	99.76%	(\$8,292)	(\$215)	-0.01%
2000	\$3,368,327	\$3,183,069	94.50%	\$175,072	\$3,358,141	99.70%	(\$5,980)	\$4,206	0.13%
2001	\$3,631,687	\$3,504,567	96.50%	\$118,255	\$3,622,822	99.76%	(\$7,464)	\$1,401	0.04%
2002	\$3,896,692	\$3,646,882	93.59%	\$211,788	\$3,858,670	99.02%	(\$20,231)	\$17,790	0.46%
2003	\$4,430,009	\$4,148,223	93.64%	\$250,676	\$4,398,899	99.30%	(\$18,259)	\$18,905	0.43%
2004	\$4,835,070	\$4,501,529	93.10%	\$303,444	\$4,804,973	99.38%	(\$25,813)	\$4,284	0.09%
2005	\$5,288,311	\$5,173,550	97.83%	\$98,106	\$5,271,656	99.69%	(\$10,673)	\$6,482	0.12%
2006	\$6,039,753	\$5,862,690	97.07%	\$71,858	\$5,934,548	98.26%	(\$24,718)	\$47,274	0.78%
2007	\$7,134,404	\$6,973,680	97.75%	\$181,008	\$7,154,688	100.28%	\$20,284	\$181,134	2.54%
2008	\$8,370,420	\$7,514,023	89.77%	\$152,480	\$7,666,503	91.59%	(\$36,924)	\$74,615	0.89%

**Table # 11**

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water Bonds	Sewer Bonds			
1998-99	1,910,000	1,153,042	269,870	335,590	5,650,281	9,318,783	2.88%	559
1999-00	1,815,000	990,001	177,653	220,500	4,926,739	8,129,893	2.52%	465
2000-01	1,715,000	835,001	194,399	115,090	4,200,237	7,059,727	2.18%	392
2001-02	1,605,000	665,001	4,368,900	N/A	3,476,960	10,115,861	3.13%	553
2002-03	1,490,000	485,001	4,177,590	N/A	2,389,003	8,541,594	2.64%	438
2003-04	1,370,000	595,087	4,165,460	N/A	1,745,915	7,876,462	2.44%	374
2004-05	1,245,000	3,845,001	4,852,672	3,384,234	7,201,154	20,528,061	6.35%	895
2005-06	1,115,000	2,555,001	4,687,182	3,268,028	6,560,560	18,185,771	5.63%	758
2006-07	980,000	2,435,001	4,393,665	3,147,425	5,907,948	16,864,039	5.22%	671
2007-08	\$ 835,000	\$ 2,335,001	\$ 4,090,323	\$ 3,022,255	\$ 8,598,039	\$ 18,880,618	5.84%	\$ 745

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

<sup>1</sup>See the Schedule of Demographic and Economics Statistics for personal income and population data.

**Table # 12**

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Ratio of Net Long-Term Debt to Assessed Value</u>	<u>Net Long-Term Debt Per Capita</u>
1998-99	16,684	742,251,793	1,910,000	0.26%	114
1999-00	17,500	791,143,568	1,815,000	0.23%	104
2000-01	18,000	841,776,651	1,715,000	0.20%	95
2001-02	18,281	892,717,766	1,605,000	0.18%	88
2002-03	19,500	1,007,449,488	1,490,000	0.15%	76
2003-04	21,082	1,074,115,199	1,370,000	0.13%	65
2004-05	22,926	1,258,237,363	1,245,000	0.10%	54
2005-06	23,992	1,459,655,088	1,115,000	0.08%	46
2006-07	25,137	1,701,069,379	980,000	0.06%	39
2007-08	25,358	\$ 2,738,909,864	\$ 835,000	0.03%	33

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

**Table # 13**

**City of Post Falls  
Direct and Overlapping Governmental Activities Debt  
September 30, 2008**

Governmental Unit	Bond Debt	Government's Net Market Value	Percentage Applicable to City	City Share of Debt
City of Post Falls	\$ 15,990,374	\$ 1,877,381,461	100.0%	<u>\$ 15,990,374</u>
Kootenai County	680,182	16,896,920,101		
School District #273	21,825,000	2,673,518,707	70.2%	15,325,814
Post Falls Highway District		4,499,812,808	41.7%	
Kootenai County Fire & Rescue	480,000	3,994,286,876	47.0%	<u>225,608</u>
Subtotal of overlapping debt				<u>\$ 15,551,422</u>
Total direct and overlapping debt				<u>\$ 31,541,796</u>

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

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 15,351,915	\$ 15,822,871	\$ 16,835,533	\$ 17,854,355	\$ 20,148,990	\$ 21,482,304	\$ 25,164,747	\$ 29,193,102	\$ 34,021,388	\$ 54,778,197
Total net debt applicable to limit	1,910,000	1,815,000	1,715,000	1,605,000	1,490,000	1,370,000	1,245,000	1,115,000	980,000	835,000
Legal debt margin	<u>\$ 13,441,915</u>	<u>\$ 14,007,871</u>	<u>\$ 15,120,533</u>	<u>\$ 16,249,355</u>	<u>\$ 18,658,990</u>	<u>\$ 20,112,304</u>	<u>\$ 23,919,747</u>	<u>\$ 28,078,102</u>	<u>\$ 33,041,388</u>	<u>\$ 53,943,197</u>
Total net debt applicable to the limit as a percentage of debt limit	12.44%	11.47%	10.19%	8.99%	7.39%	6.38%	4.95%	3.82%	2.88%	1.52%

**Legal Debt Margin Calculation for Fiscal Year 2008**

Assessed value	\$ 1,955,376,642
Add back: exempt real property	\$ 783,533,222
Total assessed value	<u>\$ 2,738,909,864</u>
Debt limit* (2% of total assessed value)	54,778,197
Debt applicable to limit:	
General obligation bonds	835,000
Legal debt margin	<u>\$ 53,943,197</u>
Debt margin percentage available	97%

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



Table # 15

**City of Post Falls  
Pledged-Revenue Bond Coverage  
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	
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
2004	3,238,491	1,254,731	1,983,760	663,063	118,977	782,040	2.54
2005	3,712,915	1,370,164	2,342,751	614,260	215,408	829,668	2.82
2006	4,564,357	1,732,191	2,832,166	640,595	258,283	898,878	3.15
2007	5,034,435	1,566,444	3,467,991	652,611	236,943	889,554	3.90
2008	\$ 5,397,338	\$ 1,718,785	3,678,553	\$ 664,909	\$ 330,330	\$ 995,239	3.70

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

(2) Total operating expenses exclusive of depreciation.

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

Table # 16

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

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
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
2004	1,824,450	694,669	1,129,781		9,548	9,548	118.33
2005	2,214,161	775,033	1,439,128		153,912	153,912	9.35
2006	2,267,165	757,796	1,509,369	116,205	153,191	269,396	5.60
2007	2,450,410	809,469	1,640,941	120,604	121,570	242,174	6.78
2008	\$ 2,325,253	\$ 799,792	\$ 1,525,461	\$ 125,169	\$ 114,519	\$ 239,688	6.36

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

(2) Total operating expenses exclusive of depreciation.

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

**Table # 17**

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

Fiscal Year	Special Assessment Collections	Debt Service			Coverage
		Principal	Interest	Total	
1999	281,519	597,189	77,577	674,766	0.42 <sup>1</sup>
2000	176,827	163,040	64,779	227,819	0.78
2001	175,871	155,000	56,493	211,493	0.83
2002	143,350	170,000	48,228	218,228	0.66
2003	196,900	180,000	38,733	218,733	0.90
2004	100,713	140,000	46,827	186,827	0.54
2005	287,534	152,066	30,364	182,430	1.58
2006	90,047	3,475,000	141,858	3,616,858	0.02 <sup>2</sup>
2007	349,319	120,000	147,059	267,059	1.31
2008	\$ 309,173	\$ 100,000	\$ 118,780	\$ 218,780	1.60

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

<sup>1</sup> During 1999 an interim LID bond in the amount of \$474,600 was paid on LID 96-1

<sup>2</sup> During 2006 an interim LID bond in the amount of \$3,400,000 was paid on LID 2004-1

Table # 18

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

Fiscal Year	Population <sup>1</sup>	Personal Income (amounts expressed in thousands)	Per Capita Personal Income <sup>2</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
1999	16,684	366,464	21,965	3,941	8.80%
2000	17,500	385,280	22,016	4,148	7.40%
2001	18,000	421,848	23,436	4,416	7.60%
2002	18,281	438,433	23,983	4,602	8.20%
2003	19,500	471,198	24,164	4,920	6.40%
2004	21,082	510,058	24,194	5,020	5.50%
2005	22,926	579,959	25,297	5,289	4.10%
2006	23,992	647,064	26,970	5,334	3.80%
2007	25,137	711,842	28,319	5,416	3.40%
2008	25,358	803,925	31,703	5,500	4.90%

## Data Sources

<sup>1</sup> City of Post Falls' records<sup>2</sup> Bureau of Economic Analysis<sup>3</sup> School District<sup>4</sup> Department of Labor

Table # 19

**City of Post Falls  
Principal Employers  
September 30, 2008**

<b>Employer</b>	<b>Type Of Business</b>	<b>2008</b>	
		<b>Employees</b>	<b>Percentage of Total City Employment</b>
Post Falls School District	Education	550	4.66%
Center Partners	Customer Service Center	525	4.45%
Wal-Mart Stores	Retail department store/grocery	460	3.90%
Kimball Furniture Group, Inc.	Manufacturer of furniture	430	3.64%
Buck's Knives	Manufacturer of knives	245	2.08%
The City	Government	173	1.47%
Red Lion Templin's Hotel	Lodging	160	1.36%
Century Publishing Company, Inc.	Periodicals, catalogs, books	135	1.14%
Aging Better In Home Care	Home care	130	1.10%
Northwest Specialty Hospital	Surgical hospital	127	1.08%
North Idaho Advanced Care	Healthcare	110	0.93%
Cabela's	Retail	117	0.99%
Allwall Contracting, Inc.	Drywall and related contractor	100	0.85%
<b>Total</b>		<b>3,262</b>	<b>27.65%</b>

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

**Table #20**

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

Function/Program	Full-time Equivalent Employees as of September 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	39.57	43.08	51.14	47.14	47.73	43.53	49.95	50.75	59.85	58.48
Public safety	48.64	49.44	50.43	52.88	51.88	56.27	54.14	53.89	60.46	61.6
Highways and public works	12.57	14.07	13.97	13.72	13.95	12.77	15.06	15.06	19.39	20.04
Cultural and Recreation	22.13	19.6	23.6	24.44	22.81	23.09	24.76	24.76	33.6	32.61
Water	6.5	5.75	5.8	6.3	6	5.98	6.48	6.48	6.45	6.5
Sewer	11.5	10.75	10.8	11.05	11	11.98	11.48	11.48	12.43	12.53
<b>Total</b>	<b>140.91</b>	<b>142.69</b>	<b>155.74</b>	<b>155.53</b>	<b>153.37</b>	<b>153.62</b>	<b>161.87</b>	<b>162.42</b>	<b>192.18</b>	<b>191.76</b>

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

Table #21

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Police</b>										
Calls for service	16,223	16,941	17,560	15,215	21,600	24,789	26,270	25,368	27,826	29,074
Burglary	106	78	98	81	120	159	140	111	89	94
Phone harassment	73	47	30	39	26	40	34	24	35	33
Motor vehicle theft	29	33	32	39	32	46	46	51	50	30
<b>Highways and streets</b>										
Street resurfacing - paving (miles)		2.60	2.60	2.01	1.40	1.89	1.86	1.37	1.65	1.74
Street resurfacing - chip seal (miles)	1.25	3.30	4.90	6.16	5.02	5.00	4.20	3.59	2.26	0.00
<b>Culture and recreation</b>										
Sports leagues programs attendance							4,048	4,283	5,319	5,557
Special interest programs attendance							1,227	2,101	3,125	2,725
<b>Water</b>										
New connections	594	112	100	850	850	390	393	193	206	44
Average daily consumption (thousands of gallons)	3,684	3,684	3,581	3,470	4,005	4,042	4,194	4,819	4,860	4,786
<b>Sewer</b>										
Average daily sewage treatment (thousands of gallons)	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.4

Note: Street resurfacing - paving data not available for 1999. Recreation programs not tracked prior to 2005.

Source: Various city departments.

Note: Indicators are available for the general government function.

Table # 22

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Units	29	31	36	40	40	43	46	49	52	54
<b>Highways and streets</b>										
Streets (miles)	101	103	106	111	115	129	133	143	149	150.89
<b>Culture and recreation</b>										
Park acreage	245.3	250.19	273.94	328.89	354.74	382.62	395.5	408.37	421.25	437.4
Parks									19	23
Sports Fields	4	5	5	5	5	5	5	5	5	6
Tennis Courts	2	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Water mains (miles)	83	86	88	91	92	104	108	110	113	113
Fire hydrants	547	558	599	637	695	745	772	811	842	842
Maximum daily compacity (thousands of gallons)	11.23	11.23	11.23	11.23	11.23	11.23	16.99	16.99	16.99	16.99
<b>Sewer</b>										
Sanitary sewers (miles)	84	86	88	91	93	105	109	110	155	158
Storm sewers (miles)	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53
Maximum daily treatment capacity (thousands of gallons)	3.48	3.48	3.48	3.48	3.48	3.48	3.48	3.48	3.48	3.48

Note: The city contracts out Sanitation services.

Source: Various city departments.

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



**City of Post Falls  
Statistical Information  
Water Fund  
September 30, 2008**

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

Total Revenue	\$2,035,430
Estimated number of active customers	9,300
Total water produced (thousands of gallons)	1,531,763,700

**Schedule of Water Rates**

Monthly Base Fee (by meter size)

1" or less	\$ 8.42	1½"	\$14.15
2"	21.03	3"	37.16
4"	60.09	6"	117.50

Metered water Usage 90¢ per 1,000 gallons

Source: City of Post Falls

**City of Post Falls  
Statistical Information  
Wastewater (Sewer) Fund  
September 30, 2008**

**Schedule of Treatment Volume**

Average Volume	2.42 million gallons per day
Total Volume	898.99 million gallons

**Schedule of Monthly Sewer Rates**

The residential rate is \$26.73 for 94% of the City's customers.

The non-residential rate per customer is \$26.73 + \$5.03 per 1,000 gallons of water consumption over 5,000 gallons.

*Source: City of Post Falls*

**City of Post Falls  
Insurance Schedule  
September 30, 2008**

The City is insured through the Idaho Counties Reciprocal Management Program (ICRMP), Policy No. 26A02152100106. 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	\$50,000,000

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

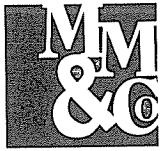
*Source: City of Post Falls*

# CITY OF POST FALLS, IDAHO

## *Audit Section*



ABOVE: Main entrance to the new Post Falls City Hall  
INSERT: Groundbreaking ceremony started construction in 2007



Magnuson, McHugh  
& Company, P.A.  
CPAs and Consultants

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

Mayor and City Council  
City of Post Falls  
Post Falls, ID 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, 2008, which collectively comprise the City of Post Falls, Idaho's basic financial statements and have issued our report thereon dated April 30, 2009. 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.

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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Post Falls, Idaho's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City of Post Falls, Idaho's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Post Falls, Idaho's financial statements that is more than inconsequential will not be prevented or detected by the City of Post Falls, Idaho's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Post Falls, Idaho's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



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*Count On Us To Care*

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

We noted certain matters that we reported to management of City of Post Falls, in a separate letter dated April 30, 2009.

This report is intended solely for the information and use of management, the City Council and is not intended to be and should not be used by anyone other than these specified parties.

MAGNUSON, MCHUGH, & Co.

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

Coeur d'Alene, ID  
April 30, 2009

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

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

Compliance

We have audited the compliance of the City of Post Falls, 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, 2008. The City of Post Falls' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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' management. Our responsibility is to express an opinion of the City of Post Falls' 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 include examining, on a test basis, evidence about the City of Post Falls' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Post Falls' compliance with those requirements.

In our opinion, the City of Post Falls, 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, 2008.

Internal Control Over Compliance

The management of the City of Post Falls is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Post Falls internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Post Falls' internal control over compliance.



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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

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

Coeur d'Alene, ID  
April 30, 2009



**City of Post Falls**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended September 30, 2008**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Housing and Urban Development:</u>		
Passed through State of Idaho Department of Commerce:		
Community Development Block Grants	14.228	<u>337,767</u>
Total Department of Housing and Urban Development		<u>337,767</u>
 <u>Department of Justice:</u>		
Edward Byrne Memorial Justice Assistance Grant	16.580	13,292
Passed through State of Idaho Health & Welfare:		
Crime Victim Assistance	16.575	31,226
Passed through State of Idaho State Police:		
Violence Against Women Formula Grants	16.588	<u>78,033</u>
Total Department of Justice		<u>122,551</u>
 <u>Department of Transportation:</u>		
Passed through State of Idaho Department of Transportation:		
State and Community Highway Safety	20.600	5,180
Highway Safety Grant	20.600	7,251
Safety Incentive Grant for Use of Seatbelts	20.604	<u>2,965</u>
Total Department of Transportation		<u>15,396</u>
 <u>Department of Health and Human Services:</u>		
Passed through State of Idaho Health & Welfare:		
Family Violence Prevention	93.671	<u>10,222</u>
Total Department of Health and Human Services		<u>10,222</u>
 <u>Department of Homeland Security</u>		
Passed through State of Idaho Military Division:		
State Domestic Preparedness Equipment Support	97.004	<u>45,520</u>
Total Department of Homeland Security		<u>45,520</u>
 <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		 <u><u>\$ 531,456</u></u>

## City of Post Falls

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended September 30, 2008

#### NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the East Side Highway District 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

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2008

### 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

Community Development 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

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended September 30, 2008

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

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

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

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

#### **Section IV. Summary of Prior Year Audit Findings Relating to Federal Awards**

We noted no findings or questioned costs relating to federal awards during the prior year.