

CITY OF POST FALLS, IDAHO

CAFR Comprehensive Annual Financial Report



For the Year Ended September 30, 2009

CAFR Comprehensive Annual Financial Report



Compiled by:
Shelly Enderud
City Finance Director/Treasurer

Above: City Winterfest Celebration
Cover: Post Falls City Hall

For the Year Ended September 30, 2009

City of Post Falls, Idaho
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2009

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Introductory Section



**Above: Community Recognition Events:
Top L-R: Domestic Violence Proclamation,
Mayor's Youth Awards,
Bottom L-R: Park Dedication, Chamber of
Commerce Ground Breaking**



March 15, 2010

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, 2009, 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 Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Post Falls' MD&A can be found immediately following the report of the independent auditors.

Governmental Structure

The financial reporting entity, an Idaho municipality, includes all the funds of the City of Post Falls, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including water, 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 26,053 in 2009. 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 10.

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 (now Kimball Office), 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, Cabela's opened its doors to a beautiful 130,000 square foot retail store. Considerable economic development activity transpired in Post Falls in 2009 including the opening of ALK Source Materials/Biopol which is a Danish pharmaceutical company, a second Super Wal-Mart store that will be located near the new Cabela's store began its construction and is slated to open in early summer 2010, and Lowe's Home Improvement finalized the purchase of land adjacent to the new Wal-Mart at the Pointe at Post Falls. Ground Force Manufacturing, a large construction equipment manufacturer, completed an addition that increased their production space by 20,000 square feet in 2009 in order to meet the heavy demands for their mining construction products around the globe. In 2010, additional commercial real estate activity is anticipated including the construction of the Lowe's Home Improvement store mentioned earlier; a new 30,000 professional office building to house a high tech educational software company named Ednetics; a 30,000 LEED certified industrial building to be the home of a subsidiary of Berg Integrated Systems will begin construction in early 2010; the State of Idaho Department of Labor will construct their new

regional office here in Post Falls that will provide services to the northern five counties of Idaho; Love's Travel Centers will be constructing a new fuel center along Interstate 90 that will have a convenience store and new Carl's Jr. restaurant; Blue Dog RV is planning on constructing a new recreational vehicle showroom and maintenance facility; several restaurants are also anticipated to locate within the Pointe at Post Falls regional power center to take advantage of the retail traffic of Cabela's and Wal-Mart; the City's downtown area is expected to see a major mixed use project also take off with infrastructure and the first phase including a hospitality component begin construction; and finally the community anticipates that construction on the Beck Road Interchange with Interstate 90 will begin this fall ultimately providing service to the Pointe at Post Falls and EXPO on the north side of the freeway and the Riverbend Commerce Park and Greyhound Event Center on the south side of the Interstate 90. The commercial sector will continue to be very active and bolster the local economy while the residential housing market will continue to normalize itself during 2010.

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.

The City has directed greater effort 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 with this project 50% completed. 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 with this project 66% completed.

The Water Reclamation Division is in the process of expansion to our facilities. This work will add 1 million gallons of daily capacity and with some additional equipment we will be able to add an additional million gallons a day to bring the plant capacity to 5.1 million gallons a day. We are also in construction of upgrading a lift station to improve capacity on the east quadrant of the City. 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 Water Reclamation Division has 628 acres for future land application for reclaimed water.

The City is in the process of a study for local limits for the Water reclamation Division. This will help with insurances of permit compliance. We have also completed our first year under the NPDES permit for storm water with our annual report ready to be sent in.

Other Community Services - The Parks and Recreation Department continues to upgrade its parks and facilities. Repairs, development, 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 state of the art irrigation systems, picnic shelters, restroom facilities, trails and pathways, equipment, trash collection, security cameras, pathways, lighting, flower beds, signage, wildlife management, 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 community 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 continues to be a prime focus for the department. The personnel management of both volunteers and part time staff continues to demand more staff time.

With large numbers of City owned trees and the City being designated for a twelfth 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 tenth 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 2009

Police

During this FY there has been much accomplished at the Police Department. In July 2009 Chief Hayes retired from the Department after 26 years with the Police Department.

The Department provided thousands of training hours to our employees in a variety of topics. This training allows our employees to remain efficient and effective in the field of law enforcement. During this fiscal year, we implemented in-service training which included every sworn employee attending 40 hours of mandatory training.

Working closely with the public is a priority for the Police Department. As part of this goal, we have upgraded our website to be more interactive, providing easily accessible information to the public. Additionally, we have added the ability for the public to sign up for Police Department news and immediate notification of crimes that occur in the community.

In FY 09 we obtained several grants for the Police Department. We received grants from the U.S. Department of Justice, Idaho State Police and the Idaho Transportation Department, Office of Highway Safety. These grants are vital to the success of many of our programs within the Department. These programs include O.A.S.I.S., traffic enforcement and many of the equipment purchases we made.

The Police Department has implemented new in car video technology. This technology places state of the art digital video equipment in the patrol vehicles which allows the officer to record video and audio of their contacts with the public. Additionally, this technology allows the officer to upload the video to the Police Department via a wireless connection.

Scanning continues to be a goal for our Records Department. This past year we have started an aggressive scanning project. The Department has police reports from as far back as the 1960's and we are working to scan all of this data into the computer system. Scanners and software have been purchased which will allow us to safely keep the information in a digital format. Both records employees and volunteers are working to scan these reports into the system to ensure they are preserved and easily accessible.

The Department continues to replace portions of its legacy voice radio system. We are mandated by the FCC to replace all radio equipment by January 2013. We started the replacement program three years ago and will be completing the replacement project in FY 11, two years ahead of schedule.

Parks, Recreation, and Cemetery

Lights were installed at the tennis courts at Black Bay Park were opened in 2009. The city purchased the chamber of Commerce building and anticipates occupying it in 2010, once the chamber of commerce moves out.

The city greenway project was completed on the east end of the Karen Streeter Trail.

Attendance hours for recreation programs continue to exceed 250,000 program hours.

Over 3,000 trees were given away as part of the city's Arbor Day program.

The Urban Forestry division conducts tree-care educational workshops and urban forestry presentations throughout the year as part of their education program.

The cemetery division handled 72 services and 80 lot sales.

Assisted the Street Department with the round about at Spokane and Poleline. Work included total irrigation re-alignment for White Pine Park and partial for Sportsman Park. Reconfiguration of our basketball courts, parking lots and landscaping.

Development of a soccer field on the Anselmo Property.

Replacement of the Boardwalk at Falls Park & new pathway into the park.

Public Works, Community Development

Finalizing of the Smart Code project that will be adopted in spring 2010.

Digitized engineering plans, plats, and as built drawings, work is continuing in this area.

Enhanced GIS system to tie building, planning and engineering together leading to greater cooperation and coordination.

Consolidated the Public Works Department and Community Development Department into the Public Services Department for better efficiency.

Installing radio read meters to read water meters using less labor hours. This program is 50% complete at this point.

Installing hydrant locks for added security of the system. This program is 66% completed at this time.

Construction of the expansion of the reclamation treatment plant to meet the additional growth in our community.

Administration

Assisted with the finalization of the Access 90 project and was successful in placing the project on the State of Idaho's State Transportation Improvement Plan.

Recruited a new City Clerk after the retirement of the long standing Clerk.

Recruited a new Police Chief after the retirement of the long standing Chief.

Helped to secure an economic recovery zone bond for the Berg Integrated Systems Company for the construction and development of a new industrial building.

Finalized a land exchange with the Post Falls Landing project that will provide the public with waterfront property along the Spokane River and ultimately an amphitheater and public promenade as the project develops.

Approved a balanced budget that maintains a high level of service while also setting a budget level less than the previous fiscal year.

Approved a process to eliminate a long-term liability by ending a retirement sick leave buyout program. Employees already eligible for the program were treated equitably as the system was phased out in FY 10.

Approved new financial software to improve accountability and flexibility in reporting to both internal departments and external customers.

Financial Information – Internal Control Structure and Budgetary Controls

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

agency funds are maintained on a full accrual accounting basis. This means that revenues and expenses are recorded essentially in the same manner as in commercial accounting.

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

The City budget which allocates the City's resources to a wide variety of programs that continue to enhance the quality of life in Post Falls is an important planning tool for the City. The City is beginning the process of including performance measurements in the budget process.

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, 2009, the City of Post Falls had the following bonded debt issues outstanding:

General Obligation Bonds:	\$ 685,000
Sewer Revenue Bonds:	7,803,754
Water Bonds:	2,892,350
Special Assessment Bonds:	<u>2,230,000</u>
	<u>\$13,611,104</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 \$51,994,028 on September 30, 2009. The City's general obligation bond above is subject to this limit. Therefore, \$51,309,028 is available for future general obligation indebtedness.

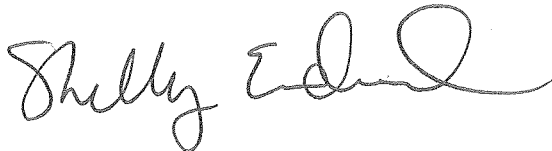
Other Information - Idaho State statutes require an annual audit by independent auditors. The accounting firm of Magnuson, McHugh, & Company, P.A. was selected to perform the audit with the approval of the City Council. In addition to meeting requirements set forth in the Idaho statutes, the audit was 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, 2008. This was the eleventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements - I would like to thank the entire staff of the 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,



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, 2008

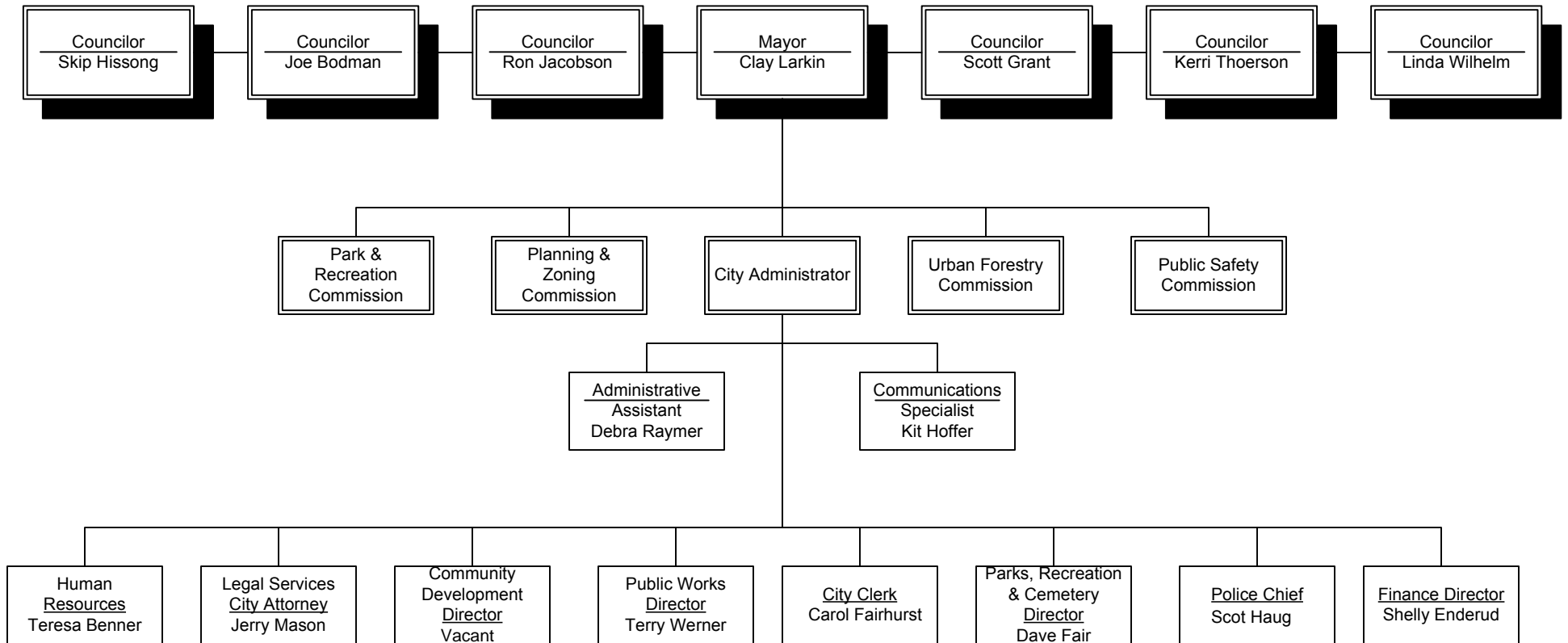
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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, 2009

Elected Officials



Seated: Clay Larkin. Standing: (L-R): Skip Hissong, Linda Wilhelm, Joe Bodman, Scott Grant, Kerri Thoreson, and Ron Jacobson

Elected Officials

NAME	OFFICE	OCCUPATION	TERM EXPIRES
Clay Larkin	Mayor	Retired	2009
Scott Grant	Council President	Retired	2011
Joe Bodman	Councilor	Spokane Deputy Sheriff	2009
Ron Jacobson	Councilor	Senior VP - Inland Northwest Bank	2009
Kerri Thoreson	Councilor	Self Employed	2011
Skip Hissong	Councilor	Owner - Summit Equipment	2011
Linda Wilhelm	Councilor	Realtor - Coldwell Banker	2009

Appointed Officials

Eric Keck	City Administrator
Shelly Enderud	Finance Director/Treasurer
Scot Haug	Chief of Police
David Fair	Parks & Recreation Director
Carol Fairhurst	City Clerk
Teresa Benner	Human Resources Director
Terry Werner	Public Works Director

Financial Section



Above: The City Promotes Recycling: Mayor Clay Larkin, Finance Director Shelly Enderud, and Phil Damiano of Post Falls Sanitation



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, 2009, 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, 2009, 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 March 8, 2010 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.



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 combining and individual fund financial statements 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
March 8, 2010

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, 2009. 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 \$152,975,883 (net assets).

At the end of the current fiscal year, undesignated fund balance for the general fund was \$8,661,250, or 58.1 percent of total general fund expenditures.

The governments net assets increased by \$8,340,860. 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 \$542,712 (6.5 percent) and operating expenses increased by \$325,660 (5.9 percent). These increases are due to a combination of increases in operating costs and increases in the customer base served.

The City performed a budget amendment mid-year to allow for the purchase of additional street equipment due to the extreme winter weather. A lease was used to finance the equipment (\$336,359).

During the same budget amendment, the City also allocated the prior year fund balance to add \$900,000 to the General Fund contingency account and allocated \$86,000 to purchase new Finance software to allow for better transparency to other departments and to citizens.

During the current fiscal year, City of Post Falls' debt had a net decrease of \$1,712,586 (including compensated absences). This was primarily due to normal annual debt payments and the payoff of a park lease in the amount of \$595,636.

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 27 to 28 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 29 to 31 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 32 to 34 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 35 to 57 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds may be found on pages 59 to 60 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, 2009.

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 \$152,975,883 at the close of the most recent fiscal year.

By far the largest portion of the City of Post Falls' net assets (69.9 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	
	2009	2008	2009	2008	2009	2008
ASSETS						
Current and other assets	\$15,575,949	\$14,627,553	\$34,657,776	\$33,293,688	\$50,233,725	\$47,921,241
Capital assets	<u>54,104,437</u>	<u>52,452,199</u>	<u>69,855,055</u>	<u>66,809,705</u>	<u>123,959,492</u>	<u>119,261,904</u>
Total assets	<u>69,680,386</u>	<u>67,079,752</u>	<u>104,512,831</u>	<u>100,103,393</u>	<u>174,193,217</u>	<u>167,183,145</u>
LIABILITIES						
Long-term liabilities outstanding	7,344,464	8,147,052	10,833,043	11,743,041	18,177,507	19,890,093
Other liabilities	<u>1,480,750</u>	<u>1,788,953</u>	<u>1,559,077</u>	<u>869,076</u>	<u>3,039,827</u>	<u>2,658,029</u>
Total liabilities	<u>8,825,214</u>	<u>9,936,005</u>	<u>12,392,120</u>	<u>12,612,117</u>	<u>21,217,334</u>	<u>22,548,122</u>
NET ASSETS						
Invested in capital assets, net of related						
Debt:	47,567,676	45,191,875	59,324,239	55,530,657	106,891,915	100,722,532
Restricted	3,305,761	3,616,343	11,338,570	10,022,627	14,644,331	13,638,970
Unrestricted	<u>9,981,735</u>	<u>8,335,529</u>	<u>21,457,902</u>	<u>21,937,992</u>	<u>31,439,637</u>	<u>30,273,521</u>
Total net assets	<u>\$60,855,172</u>	<u>\$57,143,747</u>	<u>\$92,120,711</u>	<u>\$87,491,276</u>	<u>\$152,975,883</u>	<u>\$144,635,023</u>

An additional portion of the City of Post Falls' net assets (9.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$31,439,637) 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, 85.7 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 \$3,711,425 and business-type activities increased net assets by \$4,629,435.

The City's direct charges to users of governmental services made up \$3,646,773 or 19.1 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 \$4,763,989 in expenditures, or 29% of the total. Highway and public works accounts for \$3,348,343 in expenditures, or 20.4% of the total. Culture and recreation accounts for \$1,738,374 in expenditures, or 10.6% of the total. General government, the largest program, accounts for \$6,075,916 in expenditures, or 37% of the total.

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

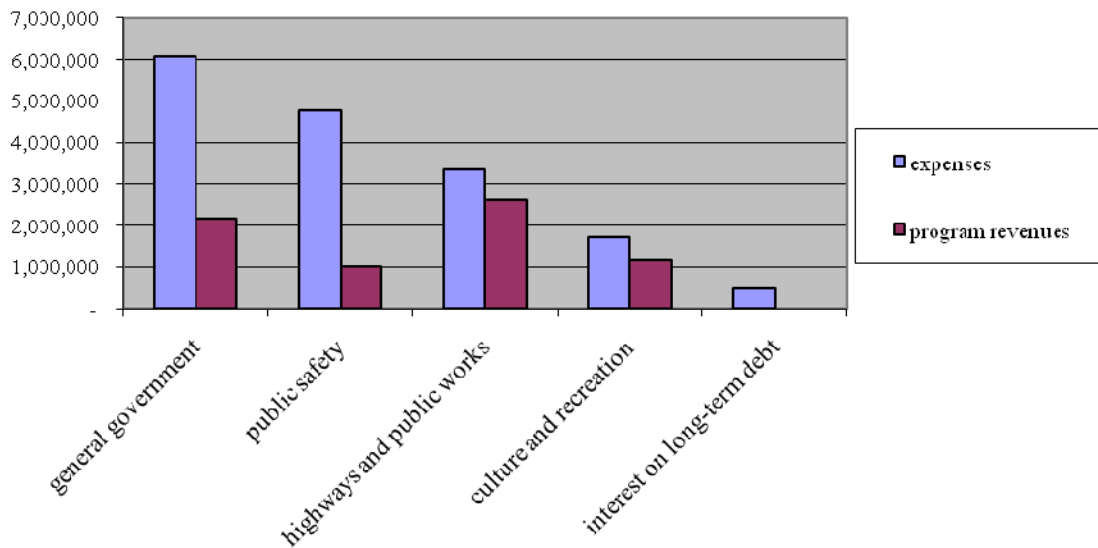
City of Post Falls' Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues:						
Charges for services	\$3,646,773	\$4,375,552	\$8,899,877	\$8,357,165	\$12,546,650	\$12,809,082
Operating grants and contributions	1,253,066	796,891			1,253,066	560,896
Capital grants and contributions	2,059,783	2,655,088	2,477,679	2,778,366	4,537,462	11,942,742
General revenues:						
Property taxes	8,705,541	8,017,157			8,705,541	7,191,562
Other taxes	3,060,788	3,301,797			3,060,788	3,220,308
Other	349,971	472,017	544,850	1,079,907	894,821	2,238,139
Total revenues	<u>\$19,075,922</u>	<u>\$19,618,502</u>	<u>\$11,922,406</u>	<u>\$12,215,438</u>	<u>\$30,998,328</u>	<u>\$37,962,729</u>
EXPENSES						
General government	\$6,075,916	\$5,979,508			\$6,075,916	\$5,701,979
Public safety	4,763,989	4,446,456			4,763,989	4,065,252
Highway and public works	3,348,343	2,681,745			3,348,343	2,422,039
Culture and recreation	1,738,374	1,686,824			1,738,374	1,594,522
Interest on long-term debt	481,634	526,811			481,634	434,931
Water			\$1,507,373	\$1,448,401	1,507,373	1,447,266
Sewer			3,198,146	3,136,575	3,198,146	2,703,705
Sanitation			1,543,693	1,356,495	1,543,693	1,281,986
Total expenses	<u>\$16,408,256</u>	<u>\$15,321,344</u>	<u>\$6,249,212</u>	<u>\$5,941,471</u>	<u>\$22,657,468</u>	<u>\$21,262,815</u>
INCREASE IN NET ASSETS BEFORE TRANSFERS	<u>2,667,666</u>	<u>4,297,158</u>	<u>5,673,194</u>	<u>6,273,967</u>	<u>8,340,860</u>	<u>10,571,125</u>
TRANSFERS IN (OUT)	<u>1,043,759</u>	<u>1,110,461</u>	<u>(1,043,759)</u>	<u>(1,110,461)</u>		
INCREASE IN NET ASSETS	<u>3,711,425</u>	<u>5,407,619</u>	<u>4,629,435</u>	<u>5,163,506</u>	<u>8,340,860</u>	<u>10,571,125</u>
NET ASSETS beginning	<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>
NET ASSETS ending	<u>\$60,855,172</u>	<u>\$57,143,747</u>	<u>\$92,120,711</u>	<u>\$87,491,276</u>	<u>\$152,975,883</u>	<u>\$144,635,023</u>

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



The majority of the City of Post Falls' governmental activities' revenue is received from property tax (43 percent) with charges for services following at (18 percent). When all taxes are added together, they make up 58 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 close to being 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.

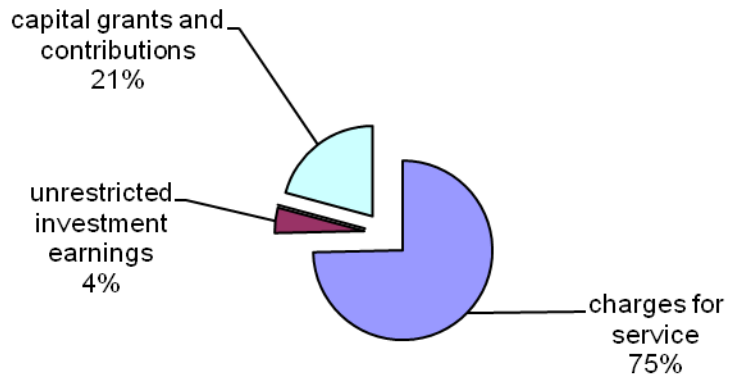
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The only major transactions during the year were a force main extension in sewer and the ground breaking for a new city hall in the capital fund. No significant losses or revenues were received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

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 zero percent. This was due to the current economy and the City striving to keep property taxes down with the high unemployment in the area. No significant transactions occurred for LID 2004-1 this year. Last, in the capital fund a focus was placed on completing street related projects during the current year.

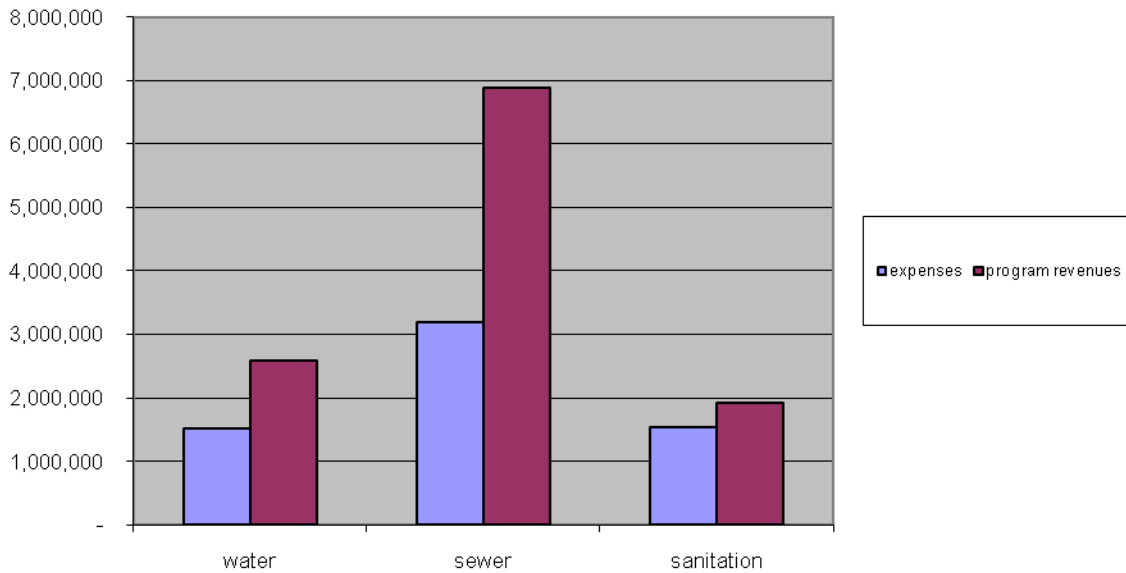
The general fund has a significant cash balance at year end. A portion of this cash balance has been designated as a contingency fund and the balance has been reallocated for expenditure in the FY 10 budget. Last, the capital fund has a large cash balance that is primarily made up of money that is being 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.

Revenue by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



One of the major sources of the City of Post Falls' business-type activities' revenue is received from charges for services (75 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 (21 percent). 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. In sewer this includes capital contributions from developers.

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 \$12,014,181, an increase of \$1,396,842 in comparison with the prior year. This increase is primarily due to timing on capital projects and a cautionary stance on operating expenditures in the current economy. The current fund balance contains \$414,646 of reserved dollars, \$640,854 of designated dollars and the balance of \$10,958,681 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 \$8,661,250, with a total fund balance of \$9,364,820. 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 58.1 percent of total general fund expenditures, while total fund balance represents 62.8 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 \$600,314. This balance is due to prepayments on the LID. The Capital Fund has a reserved fund balance of \$351,930. This is reserve set by debt

service requirements. The Capital Fund has an unreserved fund balance of \$1,446,708. 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 \$21,457,902 (water \$4,450,704; sewer \$16,365,983; and sanitation \$641,215). Restricted net assets at the end of the year amounted to \$11,338,570 (water \$4,760,489 and sewer \$6,578,081).

General Fund Budgetary Highlights

Two budget amendments were performed during the current fiscal year. These amendments increased the budget by a total of \$2,425,896. General Fund revenues ended the fiscal year with a total negative variance of 0.6 percent. Expenditures ended the fiscal year with a total positive variance of 15.7 percent. The major variance in revenues was due to decreased earnings in interest and decreased receipts in sales tax and highway taxes. The variance in expenditures was due to a combination of numerous small savings in the general government area. During this fiscal year, the City used a very conservative approach to operating expenses due to the current economy and the prediction of decreased tax revenues.

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, 2009 amounts to \$123,959,492 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, other improvements, and infrastructure. The total increase in the City of Post Falls’ investment in capital assets for the fiscal year was 3.9 percent (a 3.1 percent increase for governmental activities and a 4.6 percent increase for business-type activities).

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$5,223,404	\$5,241,903	\$12,439,674	\$12,439,673	\$17,663,078	\$17,681,576
Buildings & Imp.	15,501,137	16,190,228			15,501,137	16,190,228
Machinery & Equip.	2,688,479	2,427,646	423,591	429,072	3,112,070	2,856,718
Infrastructure	30,174,349	28,592,422			30,174,349	28,592,422
Wells			1,497,939	539,282	1,497,939	539,282
Water System			15,851,951	16,022,170	15,851,951	16,022,170
Sewer System			33,456,773	32,275,709	33,456,773	32,275,709
C.I.P.	517,068		6,185,127	5,103,799	6,702,195	5,103,799
Total	<u>\$54,104,437</u>	<u>\$52,452,199</u>	<u>\$69,855,055</u>	<u>\$66,809,705</u>	<u>\$123,959,492</u>	<u>\$119,261,904</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.
- Focused on capital street projects during the course of the fiscal year.
- Various Sewer projects across the City in an effort to keep up with growth.
- Purchased additional street equipment through a budget amendment due to the bad winter weather that hit unexpectedly.

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 \$13,611,104. Of this amount, \$685,000 is comprised of debt backed by the full faith and credit of the government and \$2,230,000 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 (\$807,703), water (\$60,158) and sewer (\$76,781).

<u>Debt Type</u>	<u>2009 Balance</u>	<u>2008 Balance</u>
General Obligation Bonds:	\$ 685,000	\$ 835,000
Sewer Revenue Bonds:	7,803,754	8,598,039
Water – DEQ Loan	2,892,350	3,022,256
Special Assessment Bonds:	2,230,000	2,335,001
Leases	3,621,761	4,090,323
Compensated Absences	<u>944,642</u>	<u>1,009,474</u>
	<u>\$18,177,507</u>	<u>\$19,890,093</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 \$51,994,028 on September 30, 2009. The City's general obligation bond above is subject to this limit. Therefore, \$51,309,028 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 spiked this last year. The current rate for 2009 was 10.6% while the labor force pool increased to 73,944, up about 1,607 in the last year. The prior year reflected only a 7.7% 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 2.7% in the City while the State increased by 1.2% overall. Since 2000, the City has increased by 48.9%, while the County has increased by 26.5%, the State has increased by 17.8%, and the USA has increased by 8.0%. As you can see, this year's number is very minimal and FY 10 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 2009 reported fiscal year and the upcoming 2010 fiscal year.

Budget Highlights for Fiscal Year 2009-2010

Governmental Activities. During the current fiscal year, undesignated fund balance in the general fund increased to \$8,661,250. A major portion of this increase was from various departments under spending their respective budgets. The City of Post Falls has appropriated a portion of this amount for spending in the 2010 fiscal year budget. The remaining balance will be reserved during fiscal year 2010 as a contingency fund or designated to the appropriate area.

Business-Type Activities. Both water and sewer operating rates were increased by 2.5 percent in the 2010 budget year. Sanitation rates were increased by 1.5% 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, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Post Falls Urban Renewal Agency
Assets				
Cash and cash equivalents	\$ 6,954,700	\$ 5,253,150	\$ 12,207,850	\$ 4,196,347
Investments	7,252,512	15,631,069	22,883,581	1,007,435
Receivables				
Accounts	133,051	1,110,658	1,243,709	
Taxes	455,527		455,527	358,339
Miscellaneous	822,289		822,289	
Special assessments	1,778,010		1,778,010	
Internal Balances	(3,036,869)	3,036,869		
Inventories	981		981	
Accrued interest	8,843	2,590	11,433	2,730
Prepaid items	203,607		203,607	
Restricted cash	1,003,298	9,623,440	10,626,738	
Capital assets, net of depreciation:				
Land	5,223,404	12,439,674	17,663,078	
Buildings	15,501,137	3,783,797	19,284,934	
Machinery and equipment	2,688,479	423,591	3,112,070	
Other improvements		47,022,866	47,022,866	
Infrastructure	30,174,349		30,174,349	
Construction in progress	517,068	6,185,127	6,702,195	
Total Assets	<u>69,680,386</u>	<u>104,512,831</u>	<u>174,193,217</u>	<u>5,564,851</u>
Liabilities				
Accounts payable	365,563	1,236,037	1,601,600	539,082
Accrued payroll	277,756	32,524	310,280	
Contracts payable				90,966
Bond interest payable	77,786	163,373	241,159	2,068
Accrued rebate of surplus increment revenue				2,200,000
Restricted customer deposits	759,645	127,143	886,788	
Noncurrent liabilities				
Due within one year	950,768	916,523	1,867,291	49,800
Due in more than one year	6,393,696	9,916,520	16,310,216	273,900
Total Liabilities	<u>8,825,214</u>	<u>12,392,120</u>	<u>21,217,334</u>	<u>3,155,816</u>
Net Assets				
Invested in capital assets, net of related debt	47,567,676	59,324,239	106,891,915	
Restricted for:				
Library and art activities	62,716		62,716	
Debt service	803,553	2,258,934	3,062,487	
Capital improvements	2,439,492	9,079,636	11,519,128	2,155,191
Unrestricted	9,981,735	21,457,902	31,439,637	253,844
Total Net Assets	<u>\$ 60,855,172</u>	<u>\$ 92,120,711</u>	<u>\$ 152,975,883</u>	<u>\$ 2,409,035</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, 2009**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Post Falls Urban Renewal Agency
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 6,075,916	\$ 1,195,845	\$ 958,542	\$ 15,095	\$ (3,906,434)		\$ (3,906,434)	\$ (4,806,390)
Public safety	4,763,989	722,323	232,656	64,398	(3,744,612)		(3,744,612)	
Highways and public works	3,348,343	675,331		1,939,542	(733,470)		(733,470)	
Culture and recreation	1,738,374	1,053,274	61,868	40,748	(582,484)		(582,484)	
Interest on long-term debt	481,634				(481,634)		(481,634)	(15,246)
Total governmental activities	<u>16,408,256</u>	<u>3,646,773</u>	<u>1,253,066</u>	<u>2,059,783</u>	<u>(9,448,634)</u>		<u>(9,448,634)</u>	<u>(4,821,636)</u>
Business-type activities:								
Water	1,507,373	2,261,475		315,298		\$ 1,069,400	1,069,400	
Sewer	3,198,146	4,716,926		2,162,381		3,681,161	3,681,161	
Sanitation	1,543,693	1,921,476				377,783	377,783	
Total business-type activities	<u>6,249,212</u>	<u>8,899,877</u>		<u>2,477,679</u>		<u>5,128,344</u>	<u>5,128,344</u>	
Total government	<u>\$ 22,657,468</u>	<u>\$ 12,546,650</u>	<u>\$ 1,253,066</u>	<u>\$ 4,537,462</u>	<u>(9,448,634)</u>	<u>5,128,344</u>	<u>(4,320,290)</u>	<u>(4,821,636)</u>
General revenues:								
Property taxes					8,705,541		8,705,541	3,689,589
Sales taxes					1,268,438		1,268,438	
Motor fuel taxes					1,128,848		1,128,848	
Alcoholic beverage taxes					663,502		663,502	
Unrestricted investment earnings					341,011	544,850	885,861	57,586
Gains (losses) on disposal of capital assets					8,960		8,960	7,336
Transfers					1,043,759	(1,043,759)		
Total general revenues and transfers					<u>13,160,059</u>	<u>(498,909)</u>	<u>12,661,150</u>	<u>3,754,511</u>
Change in net assets					3,711,425	4,629,435	8,340,860	(1,067,125)
Net Assets - beginning					<u>57,143,747</u>	<u>87,491,276</u>	<u>144,635,023</u>	<u>3,476,160</u>
Net Assets - ending					<u>\$ 60,855,172</u>	<u>\$ 92,120,711</u>	<u>\$ 152,975,883</u>	<u>\$ 2,409,035</u>

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

**City of Post Falls
Balance Sheet
Governmental Funds
September 30, 2009**

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2009
Assets					
Cash on hand and cash equivalents	\$ 4,064,691	\$ 377,040	\$ 1,896,077	\$ 616,892	\$ 6,954,700
Investments	4,207,499		3,045,013		7,252,512
Accounts receivable:					
Property taxes - current	83,708				83,708
- delinquent	371,819				371,819
Loans receivable				8,975	8,975
Miscellaneous	791,516	15,001		6,797	813,314
Customers	571		68,288	64,192	133,051
Inventories	981				981
Special assessments - deferred		1,700,826		77,184	1,778,010
Interfund receivables	828,225				828,225
Prepaid items	153,607			50,000	203,607
Accrued interest	8,843				8,843
Restricted current assets:					
Cash and cash equivalents	410,647	240,721	351,930		1,003,298
Total assets and other debits:	<u>\$10,922,107</u>	<u>\$2,333,588</u>	<u>\$ 5,361,308</u>	<u>\$ 824,040</u>	<u>\$19,441,043</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 216,890		\$ 122,057	\$ 26,616	\$ 365,563
Interfund payables	15,543		3,396,813	452,738	3,865,094
Accrued payroll and fringe benefits	277,756				277,756
Deferred revenue	371,819	\$1,700,826		86,159	2,158,804
Restricted customer deposits	675,279	32,448	43,800	8,118	759,645
Total liabilities	<u>1,557,287</u>	<u>1,733,274</u>	<u>3,562,670</u>	<u>573,631</u>	<u>7,426,862</u>
Fund balances:					
Reserved for:					
Library and art activities	62,716				62,716
Debt			351,930		351,930
Unreserved:					
Designated for improvements	640,854				640,854
General fund	8,661,250				8,661,250
Special Revenue funds				47,170	47,170
Debt Service funds		600,314		203,239	803,553
Capital Fund			1,446,708		1,446,708
Total fund balances	<u>9,364,820</u>	<u>600,314</u>	<u>1,798,638</u>	<u>250,409</u>	<u>12,014,181</u>
Total liabilities and fund balances:	<u>\$10,922,107</u>	<u>\$2,333,588</u>	<u>\$ 5,361,308</u>	<u>\$ 824,040</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.	54,104,437
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,158,804
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(7,422,250)
Net assets of governmental activities:	<u>\$60,855,171</u>

City of Post Falls
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2009

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2009
Revenues:					
Taxes	\$9,044,911				\$ 9,044,911
Intergovernmental	3,298,879		\$ 116,017		3,414,896
Charges for services	1,708,757		994,766	\$ 390,484	3,094,007
Other revenue	981,737			319,334	1,301,071
Special assessment revenue		\$ 172,084		30,169	202,253
Interest	146,054	117,358	65,249	12,350	341,011
Total revenues	<u>15,180,338</u>	<u>289,442</u>	<u>1,176,032</u>	<u>752,337</u>	<u>17,398,149</u>
Expenditures:					
Current:					
General government	5,274,047	25,596	355,246	2,450	5,657,339
Public safety	4,364,903			115,312	4,480,215
Highways and public works	2,138,758			329,308	2,468,066
Culture and recreation	1,588,391			20,487	1,608,878
Capital outlay	935,386		589,706	94,770	1,619,862
Debt service:					
Principal	403,285	45,000	595,636	60,001	1,103,922
Interest	207,418	102,333	142,564	34,828	487,143
Total expenditures	<u>14,912,188</u>	<u>172,929</u>	<u>1,683,152</u>	<u>657,156</u>	<u>17,425,425</u>
Excess (deficiency) of revenues over expenditures	<u>268,150</u>	<u>116,513</u>	<u>(507,120)</u>	<u>95,181</u>	<u>(27,276)</u>
Other financing sources (uses):					
Issuance of debt	380,359				380,359
Transfers in	1,209,679		375,000	35,276	1,619,955
Transfers out	(454,920)		(110,276)	(11,000)	(576,196)
Total other financing sources (uses)	<u>1,135,118</u>		<u>264,724</u>	<u>24,276</u>	<u>1,424,118</u>
Net change in fund balance	1,403,268	116,513	(242,396)	119,457	1,396,842
Fund balances, Beginning	<u>7,961,552</u>	<u>483,801</u>	<u>2,041,034</u>	<u>130,952</u>	<u>10,617,339</u>
Fund balances, Ending	<u>\$ 9,364,820</u>	<u>\$ 600,314</u>	<u>\$ 1,798,638</u>	<u>\$ 250,409</u>	<u>\$ 12,014,181</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, 2009**

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

Net change in fund balances - total governmental funds	\$ 1,396,842
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.	(146,972)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	1,799,210
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(145,752)
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>808,097</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 3,711,425</u></u>

City of Post Falls
Statement of Net Assets
Proprietary Funds
September 30, 2009

	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
Assets							
Current assets:							
Cash	\$ 749,386	\$ 3,129,018	\$ 3,924,522	\$ 15,066,061	\$ 579,242	\$ 391,714	\$ 5,253,150
Investments	2,537,511		13,093,558				15,631,069
Utility receivables, net	410,677	372,536	510,232	567,574	189,749	198,742	1,110,658
Restricted cash, customer deposits	127,143	117,993					127,143
Accrued interest		11,844		29,556		450	
Due from other funds	686,612	734,939	2,350,257	2,468,611			3,036,869
Total current assets	<u>4,511,329</u>	<u>4,366,330</u>	<u>19,878,569</u>	<u>18,131,802</u>	<u>768,991</u>	<u>590,906</u>	<u>25,158,889</u>
Non-current assets:							
Restricted cash	5,063,816	4,444,240	4,432,481	5,756,443			9,496,297
Restricted accrued interest	898	1,117	1,692	2,106			2,590
Bond issuance cost, net				744			
Total restricted assets	<u>5,064,714</u>	<u>4,445,357</u>	<u>4,434,173</u>	<u>5,759,293</u>			<u>9,498,887</u>
Capital assets:							
Land	54,555	54,555	12,385,119	12,385,118			12,439,674
Wells	2,375,111	1,367,689					2,375,111
Water system	19,971,706	19,732,431					19,971,706
Equipment	634,996	552,608	1,082,953	1,088,752			1,717,949
Sewer system			47,427,177	45,324,219			47,427,177
Construction in progress	173,929	963,991	6,011,198	4,139,808			6,185,127
Less accumulated depreciation	(5,382,693)	(4,849,830)	(14,878,996)	(13,949,636)			(20,261,689)
Total capital assets (net of accumulated depreciation)	<u>17,827,604</u>	<u>17,821,444</u>	<u>52,027,451</u>	<u>48,988,261</u>			<u>69,855,055</u>
Total non-current assets	<u>22,892,318</u>	<u>22,266,801</u>	<u>56,461,624</u>	<u>54,747,554</u>			<u>79,353,942</u>
Total Assets	<u>27,403,647</u>	<u>26,633,131</u>	<u>76,340,193</u>	<u>72,879,356</u>	<u>768,991</u>	<u>590,906</u>	<u>104,512,831</u>
Liabilities							
Current liabilities:							
Accounts payable	111,631	28,752	996,630	400,804	127,776	118,029	1,236,037
Accrued payroll	11,687	10,527	20,837	17,062			32,524
Bond interest payable	54,231	56,667	109,142	119,242			163,373
Compensated absences - current maturity	33,688	30,001	48,372	43,578			82,060
Customer deposits payable	127,143	117,993					127,143
Bond payable - current maturity	134,824	129,907	699,639	792,503			834,463
Total current liabilities	<u>473,204</u>	<u>373,847</u>	<u>1,874,620</u>	<u>1,373,189</u>	<u>127,776</u>	<u>118,029</u>	<u>2,475,600</u>
Noncurrent liabilities:							
Compensated absences	26,470	23,573	28,409	25,594			54,879
Bonds payable	2,757,526	2,892,349	7,104,115	7,805,536			9,861,641
Total noncurrent liabilities	<u>2,783,996</u>	<u>2,915,922</u>	<u>7,132,524</u>	<u>7,831,130</u>			<u>9,916,520</u>
Total Liabilities	<u>3,257,200</u>	<u>3,289,769</u>	<u>9,007,144</u>	<u>9,204,319</u>	<u>127,776</u>	<u>118,029</u>	<u>12,392,120</u>
Net Assets							
Invested in capital assets, net of related debt	14,935,254	14,799,188	44,388,985	40,776,544			59,324,239
Restricted for:							
Replacement	3,618,922	3,025,380	5,460,714	4,581,513			9,079,636
Bond Retirement	1,141,567	1,126,824	1,117,367	1,288,910			2,258,934
Unrestricted	4,450,704	4,391,970	16,365,983	17,028,070	641,215	472,877	21,457,902
Total Net Assets	<u>\$ 24,146,447</u>	<u>\$ 23,343,362</u>	<u>\$ 67,333,049</u>	<u>\$ 63,675,037</u>	<u>\$ 641,215</u>	<u>\$ 472,877</u>	<u>\$ 92,120,711</u>

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

City of Post Falls
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2009

	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
Operating Revenues:							
Charges for services	\$ 2,100,314	\$ 1,885,279	\$ 4,632,547	\$ 4,353,767	\$ 1,875,579	\$ 1,651,777	\$ 8,608,440
Hookups and connections	2,579	8,922					2,579
Other revenues	158,582	141,229	84,379	262,209	45,897	53,982	288,858
Total operating revenues	<u>2,261,475</u>	<u>2,035,430</u>	<u>4,716,926</u>	<u>4,615,976</u>	<u>1,921,476</u>	<u>1,705,759</u>	<u>8,899,877</u>
Operating Expenses:							
Salaries and benefits	412,871	381,787	746,887	679,686			1,159,758
Administrative and supplies	451,946	418,005	1,108,373	1,039,099	1,543,693	1,356,495	3,104,012
Depreciation	532,864	534,090	1,024,878	1,086,690			1,557,742
Total operating expenses	<u>1,397,681</u>	<u>1,333,882</u>	<u>2,880,138</u>	<u>2,805,475</u>	<u>1,543,693</u>	<u>1,356,495</u>	<u>5,821,512</u>
Operating income	<u>863,794</u>	<u>701,548</u>	<u>1,836,788</u>	<u>1,810,501</u>	<u>377,783</u>	<u>349,264</u>	<u>3,078,365</u>
Nonoperating revenues (expenses):							
Intergovernmental							
Investment income	133,395	289,823	407,554	781,362	3,901	8,722	544,850
Interest expense	(109,692)	(114,519)	(317,112)	(330,330)			(426,804)
Loss on sale of capital assets			(152)				(152)
Amortization of refunding costs			(744)	(770)			(744)
Total nonoperating revenues (expenses)	<u>23,703</u>	<u>175,304</u>	<u>89,546</u>	<u>450,262</u>	<u>3,901</u>	<u>8,722</u>	<u>117,150</u>
Income before contributions and transfers	<u>887,497</u>	<u>876,852</u>	<u>1,926,334</u>	<u>2,260,763</u>	<u>381,684</u>	<u>357,986</u>	<u>3,195,515</u>
Capital Contributions - cap fees and other	315,298	294,904	2,162,381	2,483,462			2,477,679
Transfers in			79,920				79,920
Transfers out	(399,710)	(415,029)	(510,623)	(479,798)	(213,346)	(215,634)	(1,123,679)
Changes in net assets	<u>803,085</u>	<u>756,727</u>	<u>3,658,012</u>	<u>4,264,427</u>	<u>168,338</u>	<u>142,352</u>	<u>4,629,435</u>
Total net assets - beginning	<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>
Total net assets - ending	<u>\$ 24,146,447</u>	<u>\$ 23,343,362</u>	<u>\$ 67,333,049</u>	<u>\$ 63,675,037</u>	<u>\$ 641,215</u>	<u>\$ 472,877</u>	<u>\$ 92,120,711</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, 2009

	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
Cash Flows from Operating Activities							
Receipts from customers	\$ 2,232,484	\$ 1,920,226	\$ 4,774,268	\$ 4,647,292	\$ 1,930,469	\$ 1,702,874	\$ 8,937,221
Payments to suppliers	(369,067)	(484,321)	(512,547)	(695,006)	(1,533,946)	(1,350,607)	(2,415,560)
Payments to employees	(405,127)	(377,453)	(735,503)	(667,637)			(1,140,630)
Net cash provided by operating activities	<u>1,458,290</u>	<u>1,058,452</u>	<u>3,526,218</u>	<u>3,284,649</u>	<u>396,523</u>	<u>352,267</u>	<u>5,381,031</u>
Cash Flows from Non-capital Financing Activities							
Operating subsidies and transfers to other funds	(399,710)	(415,029)	(510,623)	(479,798)	(213,346)	(215,634)	(1,123,679)
Advances from other funds	48,327	46,315	198,274	144,628			246,601
Subsidy from federal grant							
Net cash (used) by non-capital financing activities	<u>(351,383)</u>	<u>(368,714)</u>	<u>(312,349)</u>	<u>(335,170)</u>	<u>(213,346)</u>	<u>(215,634)</u>	<u>(877,078)</u>
Cash Flows from Capital and Related Financing Activities							
Proceeds from capital debt				3,430,000			
System development fees	76,023	259,654	1,903,501	2,097,936			1,979,524
Principal payments on capital debt	(129,906)	(125,169)	(794,285)	(739,909)			(924,191)
Interest payments on capital debt	(112,128)	(116,866)	(327,212)	(281,101)			(439,340)
Purchase of capital assets	(299,749)	(846,170)	(3,805,340)	(5,743,474)			(4,105,089)
Net cash provided (used) by capital and related financing activities	<u>(465,760)</u>	<u>(828,551)</u>	<u>(3,023,336)</u>	<u>(1,236,548)</u>			<u>(3,489,096)</u>
Cash Flows from Investing Activities							
Interest received on investments	145,458	277,942	437,524	751,736	4,351	8,272	587,333
Net cash provided by investing activities	<u>145,458</u>	<u>277,942</u>	<u>437,524</u>	<u>751,736</u>	<u>4,351</u>	<u>8,272</u>	<u>587,333</u>
Net increase (decrease) in cash and cash equivalents	786,605	139,129	628,057	2,464,667	187,528	144,905	1,602,190
Cash and cash equivalents, beginning	<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>
Cash and cash equivalents, ending	<u>\$ 8,477,856</u>	<u>\$ 7,691,251</u>	<u>\$ 21,450,561</u>	<u>\$ 20,822,504</u>	<u>\$ 579,242</u>	<u>\$ 391,714</u>	<u>\$ 30,507,659</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:							
Operating income	\$ 863,794	\$ 701,548	\$ 1,836,788	\$ 1,810,501	\$ 377,783	\$ 349,264	\$ 3,078,365
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	532,864	534,090	1,024,878	1,086,690			1,557,742
Changes in assets and liabilities:							
Accounts receivable	(38,141)	(86,159)	57,342	31,316	8,993	(2,885)	28,194
Accounts payable	82,879	(66,316)	595,826	344,093	9,747	5,888	688,452
Accrued payroll	7,744	4,334	11,384	12,049			19,128
Customer deposits	9,150	(29,045)					9,150
Total adjustments	<u>\$ 1,458,290</u>	<u>\$ 1,058,452</u>	<u>\$ 3,526,218</u>	<u>\$ 3,284,649</u>	<u>\$ 396,523</u>	<u>\$ 352,267</u>	<u>\$ 5,381,031</u>
Reconciliation of Cash to the Balance Sheet							
Cash and cash equivalents	\$ 749,386	\$ 3,129,018	\$ 3,924,522	\$ 15,066,061	\$ 579,242	\$ 391,714	\$ 5,253,150
Investments	2,537,511		13,093,558				15,631,069
Restricted cash, customer deposits	127,143	117,993					127,143
Restricted cash	5,063,816	4,444,240	4,432,481	5,756,443			9,496,297
	<u>\$ 8,477,856</u>	<u>\$ 7,691,251</u>	<u>\$ 21,450,561</u>	<u>\$ 20,822,504</u>	<u>\$ 579,242</u>	<u>\$ 391,714</u>	<u>\$ 30,507,659</u>

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

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, 2009

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, 2009

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.

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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".

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.

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009 materially approximates fair value. Investments on hand at September 30, 2009 meet the guidelines as set by regulations of the State of Idaho. These guidelines include securities of the U.S. Government or its agencies, certificates of deposit placed with commercial banks and savings and loans, banker's acceptances, commercial paper, repurchase agreements, State and County investment pools, insured money market accounts, and passbook savings account demand deposits.

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

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

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

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

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

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

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Refunding Costs - In the governmental fund types, bond discounts and issuance costs are recognized in the current period. For proprietary fund types, such amounts are deferred and amortized over the term of the bonds. Amortization is computed on the straight-line method as follows:

	<u>Years</u>
Water Bond refunding costs	16
Sewer Bond issuance costs	20

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

Accounts Receivable - Utility accounts receivable, net of allowances for doubtful accounts for the enterprise funds as of September 30, 2009 are as follows:

Water:	
Gross accounts receivable	\$422,529
Less allowance for doubtful accounts	<u>(11,852)</u>
Accounts receivable, net	<u>\$410,677</u>
Sewer:	
Gross accounts receivable	\$709,071
Less allowance for doubtful accounts	<u>(198,839)</u>
Accounts receivable, net	<u>\$510,232</u>
Sanitation:	
Gross accounts receivable	\$195,583
Less allowance for doubtful accounts	<u>(5,834)</u>
Accounts receivable, net	<u>\$189,749</u>

Property Tax Revenues - Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied. State statute sets maximum property tax rates for the various funds of the City of Post Falls. For the general fund, the City cannot levy more than 103% of the 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 2008-09 fiscal year was .004559765.

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009:

Cash on hand	\$ 7,610
Deposits with financial institutions:	
Demand deposit	70,044
Time certificates of deposit	11,446
Investments	<u>45,629,069</u>
Total	<u>\$45,718,169</u>

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

Cash and Investments	\$35,091,431
Restricted Cash and Investments	<u>10,626,738</u>
Total	<u>\$45,718,169</u>

Deposits

The carrying amount of the City's deposits with financial institutions was \$81,490 and the bank balance was \$117,911. Of the bank balance, \$117,911 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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 2: CASH AND INVESTMENTS (Continued)

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 gain of \$11,751 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, 2009. For purposes of risk exposure, certificates of deposit are treated as deposits, which were previously discussed above.

NOTE 3: SPECIAL ASSESSMENTS RECEIVABLE

Special assessments receivable from benefited property owners of public improvements consist of the following as of September 30, 2009:

Deferred principal amounts not currently due, but due at future date	<u>\$1,778,010</u>
	<u>\$1,778,010</u>

The City did not have any delinquent principal amounts this year. 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, 2009, is as follows:

	September 30, 2008	Adjustments			September 30, 2009
	Additions	Transfers	Deletions	2009	
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$5,241,903		(\$18,499)	\$5,223,404	
C.I.P.		\$517,068		517,068	
Total capital assets, not being depreciated	5,241,903	517,068	(18,499)	5,740,472	
Capital assets, being depreciated:					
Buildings and improvements	17,779,475	193,513		17,972,988	
Equipment	4,386,175	434,350	(\$7,000)	(232,301)	
Vehicles	2,131,438	424,638	10,177	(166,063)	
Infrastructure	31,240,579	1,873,818		33,114,397	
Total capital assets, being depreciated	55,537,667	2,926,319	3,177	(398,364)	
Less: accumulated depreciation					
Buildings and improvements	1,988,745	483,106		2,471,851	
Equipment	2,477,836	392,627	(7,000)	(226,485)	
Vehicles	1,639,460	172,383	10,177	(166,063)	
Infrastructure	2,221,330	718,718		2,940,048	
Total accumulated depreciation	8,327,371	1,766,834	3,177	(392,548)	
Total capital assets being depreciated, net	47,210,296	1,159,485	0	(5,816)	
Governmental activities capital assets, net	\$52,452,199	\$1,676,553	\$0	(\$24,315)	
				\$54,104,437	

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 4: CAPITAL ASSETS (Continued)

	September 30,	Adjustments			September 30,
	2008	Additions	Transfers	Deletions/Misc	2009
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$12,439,673			\$1	\$12,439,674
C.I.P.	5,103,798	\$3,775,065	(\$2,693,736)		6,185,127
Total capital assets, not being depreciated	17,543,471	3,775,065	(2,693,736)	1	18,624,801
Capital assets, being depreciated:					
Wells	1,367,689	43,431	963,991		2,375,111
Water System	19,732,431	239,275			19,971,706
Equipment	1,641,358	99,861	(3,177)	(20,093)	1,717,949
Sewer System	45,324,224	445,610	1,729,745	(72,402)	47,427,177
Total capital assets, being depreciated	68,065,702	828,177	2,690,559	(92,495)	71,491,943
Less: accumulated depreciation					
Wells	828,407	48,765			877,172
Water System	3,710,261	409,494			4,119,755
Equipment	1,212,288	105,338	(3,177)	(20,091)	1,294,358
Sewer System	13,048,510	994,145		(72,251)	13,970,404
Total accumulated depreciation	18,799,466	1,557,742	(3,177)	(92,342)	20,261,689
Total capital assets being depreciated, net	49,266,236	(729,565)	2,693,736	(153)	51,230,254
Business-type activities capital assets, net	\$66,809,707	\$3,045,500	\$0	(\$152)	\$69,855,055

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

Governmental activities:	
General government	\$497,602
Public safety	283,773
Highways and public works	855,963
Culture and recreation	129,496
Total depreciation expense – governmental activities	<u>\$1,766,834</u>
Business-type activities:	
Water	\$ 532,864
Sewer	1,024,878
Total depreciation expense – business-type activities	<u>\$1,557,742</u>

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 5: DEFINED BENEFIT PENSION PLAN (Continued)

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.

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, 2009, 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 \$778,700, \$732,835, and \$681,920 for the three years ended September 30, 2009, 2008, and 2007, 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 Ending</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
G.O.B.:	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>\$685,000</u>	<u>\$64,891</u>	<u>\$749,891</u>

Sewer Revenue Bonds

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

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 6: LONG-TERM DEBT (Continued)

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.

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

SEWER REVENUE BONDS:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
2010	\$ 699,639	\$ 300,113	\$ 999,752
2011	713,384	273,353	986,737
2012	722,280	245,879	968,159
2013	734,551	217,397	951,948
2014	636,950	189,565	826,515
2015-2019	1,766,950	695,614	2,462,564
2020-2024	1,660,000	392,869	2,052,869
2025-2027	<u>870,000</u>	<u>68,125</u>	<u>938,125</u>
	<u>\$7,803,754</u>	<u>\$2,382,915</u>	<u>\$10,186,669</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 6: LONG-TERM DEBT (Continued)

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>
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	156,425	85,609	242,034
2015-2019	875,552	334,620	1,210,172
2020-2024	1,054,285	155,887	1,210,172
2025	<u>235,394</u>	<u>6,641</u>	<u>242,035</u>
	<u>\$2,892,350</u>	<u>\$970,200</u>	<u>\$3,872,550</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2009, was as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
L.I.D. #99-1:					
	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	4.95	20,000	6,360	26,360
	3/01/15-19	4.95-5.50	<u>100,000</u>	<u>16,360</u>	<u>116,360</u>
			<u>\$180,000</u>	<u>\$55,030</u>	<u>\$235,030</u>
L.I.D. 2004-1:					
	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	4.55	55,000	91,418	146,418
	5/01/15-19	4.55-4.80	320,000	415,523	735,523
	5/01/20-21	4.80-5.00	<u>1,475,000</u>	<u>143,674</u>	<u>1,618,674</u>
			<u>\$2,050,000</u>	<u>\$1,039,475</u>	<u>\$3,089,475</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 6: LONG-TERM DEBT (Continued)

The City is fully obligated for the local improvement debt, placing liens against the property owners to ensure payment to the City. The LID Guarantee Fund was established by ordinance to provide additional security for the local improvement district bondholders. This fund is maintained at a level equivalent to 7% of the outstanding LID bonds, excluding LID 2004-1, which has its own debt service reserve. The required balance for this fund at September 30, 2009 is \$12,600. As of September 30, 2009, \$66,887 is set-aside in this fund.

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

	Balance 10/1/08	Additions	Deletions	Balance 9/30/09
Compensated absences	\$ 886,728	\$600,887	\$679,912	\$807,703
Capital leases (Note 7)	4,090,323	380,359	848,921	3,621,761
General Fund Bonds Payable	835,000		150,000	685,000
Local Imp. Bonds payable	<u>2,335,001</u>		<u>105,001</u>	<u>2,230,000</u>
	<u>\$8,147,052</u>	<u>\$981,246</u>	<u>\$1,783,834</u>	<u>\$7,344,464</u>
	Due in			
	One Year			
Compensated absences	<u>\$409,909</u>			
Capital leases (Note 7)	320,859			
General Fund Bonds Payable	160,000			
Local Imp. Bonds payable	<u>60,000</u>			
	<u>\$ 950,768</u>			

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

	Balance 10/1/08	Additions	Deletions	Balance 9/30/09
Compensated absences	\$ 122,746	\$ 93,362	\$ 79,169	\$136,939
Bonds payable	<u>11,620,295</u>		<u>924,191</u>	<u>10,696,104</u>
	<u>\$11,743,041</u>	<u>\$ 93,362</u>	<u>\$1,003,360</u>	<u>\$10,833,043</u>
	Due in			
	One Year			
Compensated absences	<u>\$82,060</u>			
Bonds payable	<u>834,463</u>			
	<u>\$916,523</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 \$747,506 with \$80,983 in depreciation booked and the booked asset value of the building/land is \$4,376,279, with \$919,908 in depreciation booked, with \$351,930 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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 7: CAPITAL LEASES

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:

2010	\$ 502,488
2011	446,532
2012	424,875
2013	220,514
2014	218,825
2015-2019	1,740,480
2020-2022	<u>1,734,480</u>
Future minimum lease payments	5,288,194
Less amounts representing interest	<u>(1,666,433)</u>
	<u>\$3,621,761</u>

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

4th Street- The long-term liability balance of \$69,773 the beginning of the fiscal year, was a payable to the City of Post Falls with no interest. The liability was incurred in order to cover the cost of improvements made to infrastructure in the City Center urban renewal district. During the fiscal year ending September 30, 2009, the entire amount was repaid.

Centennial Trail- The long-term liability balance of \$20,000 at the beginning of the fiscal year, was a payable to Jake Investments with no interest. The liability was incurred in order to cover the cost of improvements made to the Centennial Trail in the City Center urban renewal district. During the fiscal year ending September 30, 2009, the entire \$13,021 was repaid in full satisfaction of the liability, as the contract only required the Agency to cover specific costs.

William Street- The long-term liability balance of \$29,305 at the beginning of the fiscal year, was a payable to the City of Post Falls with no interest. The liability was incurred in order to cover the cost of improvements made to infrastructure in the Center Point urban renewal district. During the fiscal year ending September 30, 2009, the entire amount was repaid.

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:

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)

Fiscal Year ending September 30,	Rate *	Principal	Interest	Total
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>\$323,700</u>	<u>\$49,489</u>	<u>\$373,189</u>

*Rate is subject to change based on criteria listed above

The changes in long-term debt for the year ending September 30, 2009 are as follows:

Within	Beginning		Ending		Due
	<u>Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u>	<u>One Year</u>
City					
Washington Trust Bank	\$373,500		\$ 49,800	\$323,700	\$ 49,800
4 th Street	69,773		69,773		
Centennial Trail	20,000		20,000		
Williams Street	<u>29,305</u>		<u>29,305</u>		
	<u>\$492,578</u>	<u>\$</u>	<u>\$168,878</u>	<u>\$323,700</u>	<u>\$49,800</u>

Agency Cash and Investments

At September 30, 2009, the carrying amount of the Agency's deposits was \$5,203,782 and the bank balance was \$5,299,077. The cash and investments on deposit with various financial institutions are recorded at cost and categorized as follows as of September 30, 2009:

Funds held in the Agency's name by the Idaho State	
Investment Pool	\$3,589,323
Amount insured by FDIC	1,696,453
Amount uninsured	<u>13,301</u>
	<u>\$5,299,077</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, 2009 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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)

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.

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 gain of \$2,871 as of September 30, 2009 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, 2009, in the above noted categories:

	Fair Market Value			<u>Carrying Amount</u>
	Category			
	1	2	3	
Investment in Local Government Investment Pool	<u>\$3,592,194</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$3,589,323</u>

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

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

Commitments

Greenstone – (Centerpoint) – During the 2006 fiscal year, the Agency entered into an Owner Participation Agreement with the Greenstone Corporation. Under this agreement, the Agency will reimburse the cost of improvements made to infrastructure within the Center Point Urban Renewal District totaling \$1,198,003. The Agency is only obligated to reimburse the Greenstone Corporation if tax increment revenues of the District, directly resulting from the project improvements made by the Greenstone Corporation are sufficient. The Agency receives tax increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve and pay any district debt. The amount remaining

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)

is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$208,987 was reimbursed in fiscal year 2007, \$221,326 was reimbursed in fiscal year 2008, and \$505,247 was reimbursed in fiscal year 2009 leaving a balance of \$262,443.

Stateline – During the 2007 fiscal year, the Agency entered into an Owner Participation Agreement with Stateline Business Park LLC. Under this agreement, the Agency will reimburse the cost of improvements made to infrastructure within the Center Point Urban Renewal District totaling \$762,250. The Agency is only obligated to reimburse the Greenstone Corporation if tax increment revenues of the District, directly resulting from the project improvements made by Stateline Business Park LLC are sufficient. The Agency receives tax increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve and pay any district debt. The amount remaining is the reimbursement.

Of the total amount the Agency has agreed to reimburse, \$58,124 was reimbursed in fiscal year 2008, and \$143,650 was reimbursed in fiscal year 2009 leaving a balance of \$560,476.

Watson – During the 2007 fiscal year, the Agency entered into a Settlement Agreement with Watson and Associates for the Expo Urban Renewal District in an amount not to exceed \$4,702,827. Under this Agreement, the Agency will reimburse the cost of infrastructure within the Expo Urban Renewal District. The first reimbursement request of \$705,561 was increased by \$52,141 to a new total of \$757,702 and included cost submittals # 1 & #2. A second reimbursement request for cost submittals #3 & #4 in the total of \$687,043 was approved in January of 2009. It is anticipated that as infrastructure improvements are completed, further reimbursement request will be made. The Agency is only obligated to reimburse Watson and Associates if tax increment revenues of the District, directly resulting from the project improvements made by Watson and Associates are sufficient. The Agency receives tax increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve and pay any district debt. The amount remaining is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$99,775 was reimbursed in fiscal year 2007, \$103,529 was reimbursed in fiscal year 2008 and \$312,342 was reimbursed in fiscal year 2009, leaving a balance of \$242,056.

Greenstone – (West Seltice II) – During the 2009 fiscal year, the Agency entered into an Owner Participation Agreement with Greenstone. Under this agreement, the Agency will reimburse the cost of improvements made to infrastructure within the West Seltice II Urban Renewal District totaling \$1,990,008. The Agency is only obligated to reimburse Watson and Associates if tax increment revenues of the District, directly resulting from the project improvements made by Watson and Associates are sufficient. The Agency receives tax increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve and pay any district debt. The amount remaining is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$181,046 was reimbursed in fiscal year 2009, leaving a balance of \$1,808,963.

Jacklin Land Company– During the 2008 fiscal year, the Agency entered into an Owner Participation Agreement with Jacklin Land Company. Under this agreement, the Agency will reimburse the cost of improvements made to infrastructure within the Riverbend II Urban Renewal District totaling \$2,769,476. The Agency is only obligated to reimburse Jacklin Land Company if tax increment revenues of the District, directly resulting from the project improvements made by Watson and Associates are sufficient. The Agency receives tax increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve and pay any district debt. The amount remaining is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$805,800 was

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)

reimbursed in fiscal year 2009, leaving a balance of \$1,963,676.

Tullamore Properties, LLC– During the 2008 fiscal year, the Agency entered into an Owner Participation Agreement with Tullamore Properties, LLC.. Under this agreement, the Agency will reimburse the cost of improvements made to infrastructure within the East Post Falls Urban Renewal District totaling \$2,724,027. The Agency is only obligated to reimburse Tullamore Properties, LLC if tax increment revenues of the District, directly resulting from the project improvements made by Watson and Associates are sufficient. The Agency receives tax increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve and pay any district debt. The amount remaining is the reimbursement. Of the total amount the Agency has agreed to reimburse, \$94,795 was reimbursed in fiscal year 2009, leaving a balance of \$2,629,232.

NOTE 9: EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS

The following fund had expenditures in excess of budget:

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>
Debt Service:		
LID 2004-1	\$168,283	\$172,929
LID 96-1	47,925	47,976
Special Revenue		
Street Lights	295,500	329,308

The over expenditures in these funds occurred because the budget was not amended during the year to handle the resultant over expenditures. Adequate cash was available to handle the additional costs and revenues came in \$79,442 higher than budgeted for LID 2004-1 and \$4,430 higher for LID 96-1. The reason behind the over expenditures was administrative expenditures for the year were higher than anticipated in the fiscal year for the LID funds and street lighting fees were increased by the vendors during the fiscal year for the Street Light fund.

NOTE 10: DEFICIT FUND EQUITY

The following funds had deficit fund equity at September 30, 2009:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
911 Support	\$367,622

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

NOTE 11: COMMITMENTS AND CONTINGENCIES

Commitments –The City is currently working on a few sewer, water and street projects. The first and largest project is the wastewater treatment plant upgrade. The City is also completing a couple of lift station upgrades and a force main in sewer and a water tie and a water main upgrade in water. In streets the City is completing a new signal, doing a congestion study on a main business route, and a working on a couple of round-a-bouts to help with transportation in the City. 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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 11: COMMITMENTS AND CONTINGENCIES

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, 2009, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,209,679	\$ 454,920
Capital Fund	375,000	110,276
Nonmajor Governmental Funds	35,276	11,000
Enterprise Funds	<u>79,920</u>	<u>1,123,679</u>
Totals	<u>\$1,699,875</u>	<u>\$1,699,875</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 of the transfer of funds from General fund to the Enterprise funds was to cover the lease costs of the street and fleet shop housed at the wastewater plant. The principal purpose for the transfer of funds from the Capital fund to the General fund was to cover the lease costs on the new police station. A portion of the new police station is paid for with impact fees collected in the capital fund. The principal purpose for the transfer of funds from the General fund to the Capital fund was to pay for the debt service on 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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 14: INTERFUND RECEIVABLES/PAYABLES

The composition of interfund balances as of September 30, 2009 is as follows:

Interfund receivable/payable:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 828,225	\$ 15,543
Capital Fund		3,396,813
Nonmajor Governmental Funds		452,738
Enterprise Funds	<u>3,036,869</u>	<u> </u>
Totals	<u>\$3,865,094</u>	<u>\$3,865,094</u>

One of the purposes for the interfund/payables in the City is 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. For example, the LID 91-1 owes the General Fund \$225. The exceptions to this are the borrowing from the Enterprise funds. The General Fund owes \$15,543 to the Sewer Fund for the construction of an animal shelter in 2006 that will be paid over the next one to two years. The 911 Support Fund owes \$44,408 to the Water Fund and \$408,105 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 \$642,203 to the Water Fund, \$1,926,610 to the Sewer Fund, and \$828,000 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.

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 15: RISK MANAGEMENT

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 \$7,422,250 difference are as follows:

Bonds payable	\$2,915,000
Accrued interest payable	77,786
Capital leases payable	3,621,761
Compensated absences	<u>807,703</u>

Net adjustment to reduce *fund balance – total governmental funds* to arrive at *net assets – governmental activities* \$7,422,250

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 \$(146,972) are as follows:

Capital outlay	\$1,619,862
Depreciation	<u>(1,766,834)</u>

Net adjustment to reduce *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$ (146,972)

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

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

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$1,799,210 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets are 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.	\$ (24,315)
---	-------------

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>1,823,525</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>\$1,799,210</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 \$(145,752) difference are as follows:

Property taxes	\$ 81,767
Prepaid traffic study	(19,147)
Special Assessment debt issued and repaid	<u>(208,372)</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>\$(145,752)</u>
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Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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 \$808,097 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ (380,359)
Compensated absences	(600,887)
Principal repayments:	
General obligation debt	150,000
Capital lease financing	848,921
Compensated absences	679,912
Special assessment debt	105,001
Accrued interest payable	<u>5,509</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>\$ 808,097</u>
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City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2009

NOTE 17: RECONCILIATION OF INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

Governmental Activities:

Capital assets, net of depreciation	\$54,104,437
General Fund bonds payable	(685,000)
Capital leases payable	(3,621,761)
Local imp. bonds payable	<u>(2,230,000)</u>

Invested in capital assets, net of related debt \$47,567,676

Business-Type Activities:

Capital assets, net of depreciation	\$69,855,055
Sewer bonds payable	(7,803,754)
Sewer revenue bond series 2008 unexpended	165,288
Water bonds payable	<u>(2,892,350)</u>

Invested in capital assets, net of related debt \$59,324,239

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to the Required Supplementary Information

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

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

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

General Fund

**City of Post Falls
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances-Budget and Actual
For the Year Ended September 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
General taxes	\$ 8,982,660	\$ 8,982,660	\$ 9,044,911	\$ 62,251
Intergovernmental revenue	3,186,467	3,375,175	3,298,879	(76,296)
Charges for services	1,766,909	1,900,455	1,708,757	(191,698)
Other revenue	340,565	878,200	981,737	103,537
Interest	129,762	129,762	146,054	16,292
Total revenues	<u>14,406,363</u>	<u>15,266,252</u>	<u>15,180,338</u>	<u>(85,914)</u>
Expenditures				
Current:				
General government	6,619,452	7,397,609	5,274,047	2,123,562
Public safety	4,268,735	4,568,760	4,364,903	203,857
Highways and public works	1,922,204	2,293,523	2,138,758	154,765
Culture and recreation	1,593,182	1,652,316	1,588,391	63,925
Capital outlay	224,502	1,137,964	935,386	202,578
Debt service				
Principal	421,915	425,390	403,285	22,105
Interest	203,333	203,657	207,418	(3,761)
Total expenditures	<u>15,253,323</u>	<u>17,679,219</u>	<u>14,912,188</u>	<u>2,767,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(846,960)</u>	<u>(2,412,967)</u>	<u>268,150</u>	<u>2,681,117</u>
Other Financing Sources (Uses)				
Proceeds of capital financing	66,786	403,315	380,359	(22,956)
Transfers in	1,229,594	1,209,679	1,209,679	
Transfers (out)	(454,920)	(454,920)	(454,920)	
Total other financing sources (uses)	<u>841,460</u>	<u>1,158,074</u>	<u>1,135,118</u>	<u>(22,956)</u>
Net changes in fund balance	(5,500)	(1,254,893)	1,403,268	2,658,161
Fund balances - beginning	<u>7,961,552</u>	<u>7,961,552</u>	<u>7,961,552</u>	
Fund balances - ending	<u>\$ 7,956,052</u>	<u>\$ 6,706,659</u>	<u>\$ 9,364,820</u>	<u>\$ 2,658,161</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, 2009**

	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
Assets														
Cash	\$142,941	\$ 1,311	\$ 1,600	\$ 29,730	\$153,796	\$ 54,722	\$ 35,625	\$ 114,722	\$ 14,959		\$ 117	\$ 482	\$ 66,887	\$ 616,892
Accounts receivable:														
Loans receivable		8,975												8,975
Miscellaneous Customers					30,702	33,490		1,361	4,375	\$ 533	274	254		6,797
Assessments - delinquent - deferred								77,184						64,192
Prepaid items				50,000										77,184
Total assets	<u>\$142,941</u>	<u>\$ 10,286</u>	<u>\$ 1,600</u>	<u>\$ 79,730</u>	<u>\$184,498</u>	<u>\$ 88,212</u>	<u>\$ 35,625</u>	<u>\$ 193,267</u>	<u>\$ 19,334</u>	<u>\$ 533</u>	<u>\$ 391</u>	<u>\$ 736</u>	<u>\$ 66,887</u>	<u>\$ 824,040</u>
Liabilities and Fund balances														
Liabilities:														
Accounts payable				\$ 1	\$ 22,794	\$ 3,321		\$ 500						\$ 26,616
Interfund payable						452,513			\$ 225					452,738
Deferred revenue		\$ 8,975						\$ 77,184						86,159
Restricted customer deposits							\$ 8,118							8,118
Total liabilities		<u>8,975</u>		<u>1</u>	<u>22,794</u>	<u>455,834</u>	<u>8,118</u>	<u>77,184</u>	<u>500</u>	<u>225</u>				<u>573,631</u>
Fund balances:														
Undesignated	\$142,941	1,311	\$ 1,600	79,729	161,704	(367,622)	27,507	116,083	18,834	308	\$ 391	\$ 736	\$ 66,887	250,409
Total fund balances	<u>142,941</u>	<u>1,311</u>	<u>1,600</u>	<u>79,729</u>	<u>161,704</u>	<u>(367,622)</u>	<u>27,507</u>	<u>116,083</u>	<u>18,834</u>	<u>308</u>	<u>391</u>	<u>736</u>	<u>66,887</u>	<u>250,409</u>
Total liabilities and fund balances	<u>\$142,941</u>	<u>\$ 10,286</u>	<u>\$ 1,600</u>	<u>\$ 79,730</u>	<u>\$184,498</u>	<u>\$ 88,212</u>	<u>\$ 35,625</u>	<u>\$ 193,267</u>	<u>\$ 19,334</u>	<u>\$ 533</u>	<u>\$ 391</u>	<u>\$ 736</u>	<u>\$ 66,887</u>	<u>\$ 824,040</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, 2009

	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
Revenues:														
Charges-services/program remittances				\$ 24,845	\$299,489	\$ 66,150							\$ 390,484	
Other revenue	\$ 19,427			220	4,840	266,975	\$ 27,872						319,334	
Principal								\$ 5,568	\$ 24,342	\$ 259			30,169	
Interest	996	\$ 10	\$ 13	579	1,430	748	129	5,837	2,088	1	\$ 1	\$ 2	\$ 516	12,350
Total revenues	20,423	10	13	25,644	305,759	333,873	28,001	11,405	26,430	260	1	2	516	752,337
Expenditures:														
Current:														
General government								1,950	500					2,450
Public safety						101,288	14,024							115,312
Highways and public works					329,308									329,308
Culture and recreation				20,487										20,487
Capital outlay						94,770								94,770
Debt service:														
Principal								15,000	45,001					60,001
Interest						22,738		9,615	2,475					34,828
Total expenditures				20,487	329,308	218,796	14,024	26,565	47,976					657,156
Excess (deficiency) of revenues over expenditures	20,423	10	13	5,157	(23,549)	115,077	13,977	(15,160)	(21,546)	260	1	2	516	95,181
Other financing sources (uses):														
Transfers in						35,276								35,276
Transfers out					(11,000)									(11,000)
Total other financing sources (uses)					(11,000)	35,276								24,276
Net change in fund balances	20,423	10	13	5,157	(34,549)	150,353	13,977	(15,160)	(21,546)	260	1	2	516	119,457
Fund balances, beginning	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
Fund balances, ending	\$142,941	\$ 1,311	\$ 1,600	\$ 79,729	\$161,704	\$(367,622)	\$ 27,507	\$ 116,083	\$ 18,834	\$ 308	\$ 391	\$ 736	\$ 66,887	\$ 250,409

**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, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Principal	\$ 90,000	\$ 90,000	\$ 172,084	\$ 82,084
Interest	120,000	120,000	117,358	(2,642)
Total revenues	<u>210,000</u>	<u>210,000</u>	<u>289,442</u>	<u>79,442</u>
 Expenditures				
Current:				
General government	20,950	20,950	25,596	(4,646)
Capital outlay				
Debt Service				
Principal	45,000	45,000	45,000	
Interest	102,333	102,333	102,333	
Total expenditures	<u>168,283</u>	<u>168,283</u>	<u>172,929</u>	<u>(4,646)</u>
 Excess (deficiency) of revenues over expenditures	 <u>41,717</u>	 <u>41,717</u>	 <u>116,513</u>	 <u>74,796</u>
 Other Financing Sources (Uses)				
Total other financing sources (uses)				
 Net change in fund balance	 41,717	 41,717	 116,513	 74,796
Fund balances - beginning	<u>483,801</u>	<u>483,801</u>	<u>483,801</u>	
Fund balances - ending	<u>\$ 525,518</u>	<u>\$ 525,518</u>	<u>\$ 600,314</u>	<u>\$ 74,796</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, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue		\$ 933,770	\$ 116,017	\$ (817,753)
Charges for services	\$ 1,397,900	1,397,900	994,766	(403,134)
Interest	38,500	38,500	65,249	26,749
Total revenues	<u>1,436,400</u>	<u>2,370,170</u>	<u>1,176,032</u>	<u>(1,194,138)</u>
Expenditures				
Current:				
General government	1,031,200	872,873	355,246	517,627
Capital outlay	4,691,124	5,624,894	589,706	5,035,188
Debt Service				
Principal	336,235	844,562	595,636	248,926
Interest	142,565	142,565	142,564	1
Total expenditures	<u>6,201,124</u>	<u>7,484,894</u>	<u>1,683,152</u>	<u>5,801,742</u>
Excess (deficiency) of revenues over expenditures	<u>(4,764,724)</u>	<u>(5,114,724)</u>	<u>(507,120)</u>	<u>4,607,604</u>
Other Financing Sources (Uses)				
Transfers in	375,000	375,000	375,000	
Transfers (out)	(110,276)	(110,276)	(110,276)	
Total other financing sources (uses)	<u>264,724</u>	<u>264,724</u>	<u>264,724</u>	
Net change in fund balance	(4,500,000)	(4,850,000)	(242,396)	4,607,604
Fund balances - beginning	<u>2,041,034</u>	<u>2,041,034</u>	<u>2,041,034</u>	
Fund balances - ending	<u>\$ (2,458,966)</u>	<u>\$ (2,808,966)</u>	<u>\$ 1,798,638</u>	<u>\$ 4,607,604</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, 2009**

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Other revenue	\$ 20,000	\$ 19,427	\$ (573)
Interest		996	996
Total revenues	<u>20,000</u>	<u>20,423</u>	<u>423</u>
Expenditures:			
Current:	<u>20,000</u>		<u>20,000</u>
Total expenditures	<u>20,000</u>		<u>20,000</u>
Excess (deficiency) of revenues over (under) expenditures		<u>20,423</u>	<u>20,423</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		20,423	20,423
Fund balances, beginning	<u>122,518</u>	<u>122,518</u>	
Fund balances, ending	<u>\$ 122,518</u>	<u>\$ 142,941</u>	<u>\$ 20,423</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, 2009**

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest		\$ 10	\$ 10
Total revenues		10	10
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		10	10
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		10	10
Fund balances, beginning	\$ 1,301	1,301	
Fund balances, ending	\$ 1,301	\$ 1,311	\$ 10

**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, 2009**

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest		\$ 13	\$ 13
Total revenues		13	13
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		13	13
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		13	13
Fund balances, beginning	\$ 1,587	1,587	
Fund balances, ending	\$ 1,587	\$ 1,600	\$ 13

**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, 2009**

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Charges-services/programs	\$ 31,980	\$ 24,845	\$ (7,135)
Other revenue	1,750	220	(1,530)
Interest		579	579
Total revenues	<u>33,730</u>	<u>25,644</u>	<u>(8,086)</u>
Expenditures:			
Culture and recreation	<u>33,730</u>	<u>20,487</u>	<u>13,243</u>
Total expenditures	<u>33,730</u>	<u>20,487</u>	<u>13,243</u>
Excess (deficiency) of revenues over (under) expenditures		<u>5,157</u>	<u>5,157</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		5,157	5,157
Fund balances, beginning	<u>74,572</u>	<u>74,572</u>	
Fund balances, ending	<u>\$ 74,572</u>	<u>\$ 79,729</u>	<u>\$ 5,157</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, 2009

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Charges-services/programs	\$ 305,000	\$ 299,489	\$ (5,511)
Other revenue		4,840	4,840
Interest	1,500	1,430	(70)
Total revenues	<u>306,500</u>	<u>305,759</u>	<u>(741)</u>
Expenditures:			
Highways and public works	295,500	329,308	(33,808)
Total expenditures	<u>295,500</u>	<u>329,308</u>	<u>(33,808)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,000</u>	<u>(23,549)</u>	<u>(34,549)</u>
Other financing sources (uses):			
Operating transfers out	(11,000)	(11,000)	
Total other financing sources (uses)	<u>(11,000)</u>	<u>(11,000)</u>	
Net change in fund balance		(34,549)	(34,549)
Fund balances, beginning	<u>196,253</u>	<u>196,253</u>	
Fund balances, ending	<u>\$ 196,253</u>	<u>\$ 161,704</u>	<u>\$ (34,549)</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, 2009

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Charges-services/programs	\$ 63,000	\$ 66,150	\$ 3,150
Other revenue	261,095	266,975	5,880
Interest	3,000	748	(2,252)
Total revenues	<u>327,095</u>	<u>333,873</u>	<u>6,778</u>
Expenditures:			
Public safety	125,328	101,288	24,040
Capital outlay	150,043	94,770	55,273
Debt service - interest	87,000	22,738	64,262
Total expenditures	<u>362,371</u>	<u>218,796</u>	<u>143,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,276)</u>	<u>115,077</u>	<u>150,353</u>
Other financing sources (uses):			
Operating transfers in	35,276	35,276	
Total other financing sources (uses)	<u>35,276</u>	<u>35,276</u>	
Net change in fund balance		150,353	150,353
Fund balances, beginning	<u>(517,975)</u>	<u>(517,975)</u>	
Fund balances, ending	<u>\$ (517,975)</u>	<u>\$ (367,622)</u>	<u>\$ 150,353</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, 2009**

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Other revenue	\$ 60,000	\$ 27,872	\$ (32,128)
Interest		129	129
Total revenues	<u>60,000</u>	<u>28,001</u>	<u>(31,999)</u>
Expenditures:			
Public safety	60,000	14,024	45,976
Total expenditures	<u>60,000</u>	<u>14,024</u>	<u>45,976</u>
Excess (deficiency) of revenues over (under) expenditures		<u>13,977</u>	<u>13,977</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		13,977	13,977
Fund balances, beginning	<u>13,530</u>	<u>13,530</u>	
Fund balances, ending	<u>\$ 13,530</u>	<u>\$ 27,507</u>	<u>\$ 13,977</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, 2009

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Principal	\$ 4,500	\$ 5,568	\$ 1,068
Interest	5,000	5,837	837
Total revenues	<u>9,500</u>	<u>11,405</u>	<u>1,905</u>
Expenditures:			
General governmental	1,950	1,950	
Debt service - principal	15,000	15,000	
- interest	9,615	9,615	
Total expenditures	<u>26,565</u>	<u>26,565</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(17,065)</u>	<u>(15,160)</u>	<u>1,905</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance	(17,065)	(15,160)	1,905
Fund balances, beginning	<u>131,243</u>	<u>131,243</u>	
Fund balances, ending	<u>\$ 114,178</u>	<u>\$ 116,083</u>	<u>\$ 1,905</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, 2009

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Principal	\$ 20,000	\$ 24,342	\$ 4,342
Interest	2,000	2,088	88
Total revenues	<u>22,000</u>	<u>26,430</u>	<u>4,430</u>
Expenditures:			
General governmental	450	500	(50)
Debt service - principal	45,000	45,001	(1)
- interest	2,475	2,475	
Total expenditures	<u>47,925</u>	<u>47,976</u>	<u>(51)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,925)</u>	<u>(21,546)</u>	<u>4,379</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance	(25,925)	(21,546)	4,379
Fund balances, beginning	<u>40,380</u>	<u>40,380</u>	
Fund balances, ending	<u>\$ 14,455</u>	<u>\$ 18,834</u>	<u>\$ 4,379</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, 2009**

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Principal		\$ 259	\$ 259
Interest		1	1
Total revenues		260	260
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		260	260
Other financing sources:			
Total other financing sources (uses)			
Net change in fund balance		260	260
Fund balances, beginning	\$ 48	48	
Fund balances, ending	\$ 48	\$ 308	\$ 260

**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, 2009**

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest	\$	1	\$ 1
Total revenues		1	1
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		1	1
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		1	1
Fund balances, beginning	\$ 390	390	
Residual equity transfer			
Fund balances, ending	\$ 390	\$ 391	\$ 1

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, 2009

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest		\$ 2	\$ 2
Total revenues		2	2
Expenditures:			
General governmental			
Debt service - principal			
- interest			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		2	2
Other financing sources (uses):			
Operating transfers out			
Total other financing sources (uses)			
Net change in fund balance		2	2
Fund balances, beginning	\$ 734	734	
Fund balances, ending	\$ 734	\$ 736	\$ 2

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, 2009

	2009		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest	\$ 1,500	\$ 516	\$ (984)
Total revenues	<u>1,500</u>	<u>516</u>	<u>(984)</u>
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>1,500</u>	<u>516</u>	<u>(984)</u>
Other financing sources (uses):			
Operating transfers out	<u>(1,500)</u>		<u>1,500</u>
Total other financing sources (uses)	<u>(1,500)</u>		<u>1,500</u>
Net change in fund balance		516	516
Fund balances, beginning	<u>66,371</u>	<u>66,371</u>	
Fund balances, ending	<u>\$ 66,371</u>	<u>\$ 66,887</u>	<u>\$ 516</u>

Statistical Section



Above: Post Falls Welcomes Sister City Herborn, Germany Big Band

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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	76-81
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the room tax.	82-86
Debt Capacity 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.	87-93
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	94-96
Operating Information 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.	97-101

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.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
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	\$ 47,567,676
Restricted	833,042	734,213	872,546	6,539,791	9,482,313	3,616,343	3,305,761
Unrestricted	4,806,132	7,306,691	10,358,219	8,642,267	6,031,023	8,335,529	9,981,735
Total governmental activities net assets	\$ 14,657,026	\$ 21,138,325	\$ 24,087,577	\$ 37,166,206	\$ 51,736,128	\$ 57,143,747	\$ 60,855,172
Business-type activities:							
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	\$ 59,324,239
Restricted	3,075,936	3,475,869	4,699,749	5,903,678	7,657,572	10,022,627	11,338,570
Unrestricted	11,138,123	14,994,784	18,104,442	21,429,394	21,833,861	21,892,917	21,457,902
Total business-type activities net assets	\$ 50,837,359	\$ 59,030,571	\$ 67,291,781	\$ 74,172,256	\$ 82,327,770	\$ 87,491,276	\$ 92,120,711
Primary government							
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	\$ 106,891,915
Restricted	3,908,978	4,210,082	5,572,295	12,443,469	17,139,885	13,638,970	14,644,331
Unrestricted	15,944,255	22,301,475	28,462,661	30,071,661	27,864,884	30,228,446	31,439,637
Total primary government net assets	\$ 65,494,385	\$ 80,168,896	\$ 91,379,358	\$ 111,338,462	\$ 134,063,898	\$ 144,635,023	\$ 152,975,883

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 Seven Fiscal Years
(Accrual-Basis of Accounting)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 3,446,537	\$ 3,908,589	\$ 4,296,656	\$ 4,880,704	\$ 5,701,979	\$ 5,979,508	\$ 6,075,916
Public safety	2,887,150	3,171,924	3,409,806	3,593,961	4,065,252	4,447,348	4,763,989
Highways and public works	1,521,094	1,701,489	3,750,058	2,576,928	2,422,039	2,681,745	3,348,343
Cultural and recreation	983,357	1,172,659	1,233,832	1,350,230	1,594,522	1,686,824	1,738,374
Interest on long term debt	374,533	325,229	362,559	428,521	434,931	525,919	481,634
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>	<u>16,408,256</u>
Business-type activities:							
Water	914,653	995,763	1,290,046	1,412,346	1,447,266	1,448,401	1,507,373
Sewer	1,898,449	2,224,803	2,358,255	2,863,232	2,703,705	3,136,575	3,198,146
Sanitation	889,681	955,858	1,114,246	1,202,137	1,281,986	1,356,495	1,543,693
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>	<u>6,249,212</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>	<u>\$ 22,657,468</u>
Program Revenues							
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	\$ 1,195,845
Public safety	365,513	397,946	446,423	567,520	755,149	818,834	722,323
Highways and public works	453,341	574,995	564,228	912,773	1,206,647	1,097,468	675,331
Cultural and recreation	601,734	730,743	789,159	1,245,372	1,214,653	916,117	1,053,274
Operating grants and contributions	305,083	210,574	248,978	258,756	560,896	796,891	1,253,066
Capital grants and contributions	620,063	3,855,708	2,082,757	10,280,692	6,382,770	2,655,088	2,059,783
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>	<u>6,959,622</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	2,261,475
Sewer	2,640,879	3,065,150	3,344,028	3,956,633	4,177,428	4,615,976	4,716,926
Sanitation	1,062,573	1,151,549	1,334,065	1,489,071	1,595,944	1,705,759	1,921,476
Capital grants and contributions	3,410,490	6,813,384	6,971,034	5,020,402	5,559,972	2,778,366	2,477,679
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>	<u>11,377,556</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>	<u>\$ 18,337,178</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Net (Expense)/Revenue							
Governmental activities	(4,785,636)	(1,918,656)	(6,167,996)	2,576,138	(2,334,843)	(7,493,813)	(9,448,634)
Business-type activities	4,859,319	8,450,258	8,660,492	6,982,854	7,995,883	5,194,060	5,128,344
Total primary government net (expense)/revenue	\$ 73,683	\$ 6,531,602	\$ 2,492,496	\$ 9,558,992	\$ 5,661,040	\$ (2,299,753)	\$ (4,320,290)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	4,751,170	4,990,766	5,452,343	6,228,757	7,191,562	8,017,157	8,705,541
Other taxes and licenses	1,980,691	2,160,571	2,386,998	2,681,188	3,220,308	3,301,797	3,060,788
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	341,011
Gains (losses) on sale of capital assets	29,686	1,763	2,708	1,502	10,853	(302,789)	8,960
Transfers	796,222	870,540	899,730	957,340	1,532,034	1,110,461	1,043,759
Total governmental activities	7,764,072	8,169,400	9,117,248	10,502,491	12,962,023	12,901,432	13,160,059
Business-type activities:							
Unrestricted investment earnings	280,123	241,539	416,271	854,961	1,218,220	1,079,907	544,850
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)	(1,043,759)
Total business-type activities	(516,099)	(626,901)	(399,282)	(102,379)	(312,014)	(30,554)	(498,909)
Total primary government	\$ 7,247,973	\$ 7,542,499	\$ 8,717,966	\$ 10,400,112	\$ 12,650,009	\$ 12,870,878	\$ 12,661,150
Changes in Net Assets							
Governmental activities	\$ 2,978,436	\$ 6,250,744	\$ 2,949,252	\$ 13,078,629	\$ 10,627,180	\$ 5,407,619	\$ 3,711,425
Business-type activities	4,343,220	7,823,357	8,261,210	6,880,475	7,683,869	5,163,506	4,629,435
Total primary government	\$ 7,321,656	\$ 14,074,101	\$ 11,210,462	\$ 19,959,104	\$ 18,311,049	\$ 10,571,125	\$ 8,340,860

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 Seven 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
2008-09	\$ 8,705,541.00	\$ 1,268,438.00	\$ 1,128,484.00	\$ 663,502.00	\$ 11,765,965.00

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved for:										
Library and art activities	\$ 27,732	\$ 25,470	\$ 21,272	\$ 88,660	\$ 23,773	\$ 26,816	\$ 49,401	\$ 55,618	\$ 62,790	\$ 62,716
Unreserved										
Designated for improvements	449,510	144,226	175,124	164,255	257,832	491,326	532,270	724,801	789,552	640,854
Undesignated	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	8,661,250
Total General Fund	\$ 2,860,415	\$ 3,800,126	\$ 7,440,801	\$ 3,381,957	\$ 4,399,889	\$ 5,441,036	\$ 6,930,311	\$ 5,423,748	\$ 7,961,552	\$ 9,364,820
All Other Governmental Funds										
Reserved for:										
Debt			\$ 352,236	\$ 352,608	\$ 354,404	\$ 356,293	\$ 354,832	\$ 363,404	\$ 351,930	
Unreserved										
Special revenue funds	\$ 141,056	\$ 241,330	\$ 124,714	145,184	254,216	281,675	(203,730)	(198,459)	(108,214)	47,170
Debt service funds	410,643	302,174	272,394	(748,908)	194,219	1,832,764	524,315	633,714	722,967	803,553
Capital fund				1,817,252	2,471,442	3,492,596	5,077,512	7,713,348	1,677,630	1,446,708
Total all other governmental funds	\$ 551,699	\$ 543,504	\$ 397,108	\$ 1,565,764	\$ 3,272,485	\$ 5,961,439	\$ 5,754,390	\$ 8,503,435	\$ 2,655,787	\$ 2,649,361

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Taxes	\$ 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	\$ 9,044,911
Intergovernmental	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	3,414,896
Charges for services	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	3,094,007
Other revenue	391,974	410,891	377,825	611,212	484,696	557,950	640,963	917,785	982,879	1,301,071
Special assessment revenue	123,554	125,661	107,236	162,658	686,228	282,452	547,609	205,917	180,710	202,253
Interest	274,936	345,771	211,071	165,167	145,759	375,469	633,704	1,007,266	774,806	341,011
Total Revenues	8,001,679	8,704,629	10,369,766	10,659,660	12,308,418	13,548,593	15,575,616	18,120,054	18,441,522	17,398,149
Expenditures:										
Current										
General government	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	5,657,339
Public safety	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	4,480,215
Highways and public works	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	2,468,066
Cultural and recreation	719,488	758,193	869,370	931,638	1,110,484	1,156,462	1,256,420	1,481,597	1,562,015	1,608,878
Debt Service										
Principal	356,593	348,923	372,912	500,439	453,672	498,238	3,916,445	589,655	598,480	1,103,922
Interest	168,731	149,392	134,225	374,533	321,973	313,437	438,255	434,069	529,901	487,143
Capital Outlay	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	1,619,862
Total Expenditures	8,181,967	8,625,122	11,860,373	14,360,200	10,866,402	15,028,587	17,581,684	18,450,743	22,911,965	17,425,425
Excess (deficiency) of revenues over (under) expenditures	(180,288)	79,507	(1,490,607)	(3,700,540)	1,442,016	(1,479,994)	(2,006,068)	(330,689)	(4,470,443)	(27,276)
Other financing sources (uses):										
Debt issued		105,385	4,250,600	14,129	181,542	4,310,365	2,330,954	41,138	50,138	380,359
Operating transfers in	745,829	727,608	745,286	1,047,971	1,310,638	2,063,901	1,606,305	5,410,418	1,928,351	1,619,955
Operating transfers out	(119,580)	(11,000)	(11,000)	(251,749)	(440,098)	(1,164,171)	(648,965)	(3,878,385)	(817,890)	(576,196)
Total other financing sources (uses)	626,249	821,993	4,984,886	810,351	1,052,082	5,210,095	3,288,294	1,573,171	1,160,599	1,424,118
Net change in fund balances	\$ 445,961	\$ 901,500	\$ 3,494,279	\$ (2,890,189)	\$ 2,494,098	\$ 3,730,101	\$ 1,282,226	\$ 1,242,482	\$ (3,309,844)	\$ 1,396,842
Debt service as a percentage of noncapital expenditures	8.0%	7.1%	5.6%	8.6%	8.1%	6.7%	36.5%	7.9%	8.2%	10.8%

Table # 6

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

Fiscal Year	Property Tax	Sales Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
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
2008-09	\$ 8,623,774.00	\$ 1,268,438.00	\$ 1,128,484.00	\$ 663,502.00	\$ 11,684,198.00

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 Change		Tax Rate Per \$1,000 Value
				Amount	Percentage	
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
2008	2,698,716,071	870,893,234	1,827,822,837	-127,553,805	-6.52%	4.56
2009	2,599,701,389	875,517,459	1,724,183,930	-103,638,907	-5.67%	4.96

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	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
City of Post Falls	4.96	4.56	3.70	4.05	4.64	5.35	5.46	5.33	5.34	5.28
%CHANGE	8.77%	23.11%	-8.54%	-12.72%	-13.27%	-2.01%	2.44%	-0.19%	1.14%	1.93%
North Idaho College	0.83	0.73	0.48	0.53	0.71	0.74	0.77	0.77	0.77	0.94
Kootenai County	2.52	2.21	1.84	1.84	2.47	3.48	3.65	3.14	3.43	3.92
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	0.13	0.11	0.10	0.1	0.14	0.16	0.32	0.33	0.15	0.13
School District #273	2.36	2.29	2.23	2.23	5.61	6.28	6.43	6.18	6.08	5.85
Post Falls Highway District #1	0.38	0.31	0.36	0.36	0.47	0.57	0.57	0.6	0.65	0.66
Kootenai Fire & Rescue	<u>1.66</u>	<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>
Total	12.84	11.61	10.05	10.45	15.76	18.64	19.13	18.04	18.09	18.28
% CHANGE FOR TOTAL	10.59%	15.48%	-3.79%	-33.69%	-15.45%	-2.56%	6.04%	-0.28%	-1.04%	2.01%

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, 2009**

<u>Taxpayer</u>	<u>Type Of Business</u>	2009	
		<u>Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kimball International Mkt, Inc.	Manufacturing-Furniture	\$29,119,425	1.12%
Verizon NW, Inc.	Marketing	\$18,509,670	0.71%
North Idaho Surgical Hospital Bldg. LLC	Medical	\$17,851,917	0.69%
Cabelas, Inc.	Retail / Wholesale	\$17,818,285	0.69%
Pointe LLC	Retail	\$15,219,134	0.59%
Sysco Food Service, Inc.	Food Distribution Center	\$14,722,501	0.57%
Puryear Family Trust	Homeowner	\$12,191,232	0.47%
Wal-Mart Real Est. Bus./Stores Inc. #3472	Retail	\$11,806,672	0.45%
Northern Idaho Advanced Care Hospital, Inc.	Medical	\$10,266,893	0.39%
Arrotta Joseph W	Retail Auto	\$7,162,197	0.28%
Knudtsen Chevrolet Co (LSE)	Retail Auto	\$6,757,895	0.26%
Subtotal - Ten Of City's Largest Taxpayers		\$161,425,821	6.22%
All Other Taxpayers		\$2,438,275,568	93.78%
Total City Taxpayers		<u>\$2,599,701,389</u>	<u>100.00%</u>

<u>Taxpayer</u>	<u>Type Of Business</u>	1999	
		<u>Property Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kimball International Mkt, Inc.	Manufacturing-Furniture	\$31,771,985	4.40%
Coeur d'Alene Factory Outlets	Retail	\$11,988,814	1.66%
Jacklin Land Company	Commercial Business Properties	\$11,066,705	1.53%
Potlatch Corp.	Manufacturing-Wood Products	\$8,689,504	1.20%
Idaho Veneer	Manufacturing-Wood Products	\$7,230,802	1.00%
Cavanaugh's Hospitality LTD Partnership	Hotels/Motels/Restaurants	\$6,653,420	0.92%
River City Properties LLC	Commercial Business Properties	\$4,888,680	0.68%
Robert Coles Etux	Golf Course	\$4,863,054	0.67%
Post Falls Factory Stores LPT	Retail	\$4,644,524	0.64%
John C Young Etal	Commercial Business Properties	\$4,460,851	0.62%
Subtotal - Ten Of City's Largest Taxpayers		\$96,258,339	13.32%
All Other Taxpayers		\$625,558,988	86.68%
Total City Taxpayers		<u>\$721,817,327</u>	<u>100.00%</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
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%
2009	\$8,767,658	\$8,351,263	95.25%	\$62,432	\$8,413,695	95.96%	(\$16,262)	\$185,293	2.11%

Table # 11

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Water Bonds	Sewer Bonds			
1999-00	1,815,000	990,001	177,653	220,500	4,926,739	8,129,893	2.11%	465
2000-01	1,715,000	835,001	194,399	115,090	4,200,237	7,059,727	1.67%	392
2001-02	1,605,000	665,001	4,368,900	N/A	3,476,960	10,115,861	2.31%	553
2002-03	1,490,000	485,001	4,177,590	N/A	2,389,003	8,541,594	1.81%	438
2003-04	1,370,000	595,087	4,165,460	N/A	1,745,915	7,876,462	1.54%	374
2004-05	1,245,000	3,845,001	4,852,672	3,384,234	7,201,154	20,528,061	3.54%	895
2005-06	1,115,000	2,555,001	4,687,182	3,268,028	6,560,560	18,185,771	2.81%	758
2006-07	980,000	2,435,001	4,393,665	3,147,425	5,907,948	16,864,039	2.37%	671
2007-08	835,000	2,335,001	4,090,323	3,022,255	8,598,039	18,880,618	2.35%	745
2008-09	\$ 685,000	\$ 2,230,000	\$ 3,621,761	\$ 2,892,350	\$ 7,803,754	\$ 17,232,865	2.02%	\$ 661

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

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

Table # 12

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

<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>
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
2008-09	26,053	\$ 2,698,716,071	\$ 685,000	0.03%	26

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, 2009**

Governmental Unit	Bond Debt	Government's Net Market Value	Percentage Applicable to City	City Share of Debt
City of Post Falls	\$ 13,611,104	\$ 1,769,437,302	100.0%	<u>\$ 13,611,104</u>
Kootenai County	594,939	14,781,630,221		
School District #273	19,965,000	2,490,105,868	71.1%	14,186,873
Post Falls Highway District		4,186,889,625	42.3%	
Kootenai County Fire & Rescue	245,000	3,644,683,537	48.5%	<u>118,944</u>
Subtotal of overlapping debt				<u>\$ 14,305,817</u>
Total direct and overlapping debt				<u>\$ 27,916,921</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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 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	\$ 51,994,028
Total net debt applicable to limit	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	685,000
Legal debt margin	<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>	<u>\$ 51,309,028</u>
Total net debt applicable to the limit as a percentage of debt limit	11.47%	10.19%	8.99%	7.39%	6.38%	4.95%	3.82%	2.88%	1.52%	1.32%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 1,724,183,930
Add back: exempt real property	<u>\$ 875,517,459</u>
Total assessed value	<u>\$ 2,599,701,389</u>
Debt limit* (2% of total assessed value)	51,994,028
Debt applicable to limit:	
General obligation bonds	685,000
Legal debt margin	<u><u>\$ 51,309,028</u></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	
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	739,909	330,330	1,070,239	3.44
2009	\$ 5,124,480	\$ 1,855,260	3,269,220	\$ 794,285	\$ 317,112	\$ 1,111,397	2.94

(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	
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
2009	\$ 2,394,870	\$ 864,817	\$ 1,530,053	\$ 129,906	\$ 109,692	\$ 239,598	6.39

(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	
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 ¹
2007	349,319	120,000	147,059	267,059	1.31
2008	309,173	100,000	118,780	218,780	1.60
2009	\$ 321,379	\$ 105,001	\$ 137,161	\$ 242,162	1.44

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

¹ 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**

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income²</u>	<u>Public School Enrollment³</u>	<u>Unemployment Rate⁴</u>
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%
2009	26,053	\$851,829	\$32,696	5,500	8.80%

Data Sources

¹ City of Post Falls' records

² Bureau of Economic Analysis

³ School District

⁴ Department of Labor

Table # 19

**City of Post Falls
Principal Employers
September 30, 2009**

Employer	Type Of Business	2009	
		Employees	Percentage of Total City Employment
Center Partners	Customer service center	700	6.50%
Post Falls School District	Education	690	6.41%
Wal-Mart Stores	Retail department store/grocery	450	4.18%
Kimball Furniture Group, Inc.	Manufacturer of furniture	350	3.25%
The City	Government	300	2.79%
Buck's Knives	Manufacturer of knives	220	2.04%
Cabela's	Retail	200	1.86%
Sysco	Food services distributor	185	1.72%
Accurate Molded Plastics	Manufacturer of molds	160	1.49%
Red Lion Templin's Hotel	Lodging	150	1.39%
Total		3,405	31.63%

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	43.08	51.14	47.14	47.73	43.53	49.95	50.75	59.85	58.48	49.4
Public safety	49.44	50.43	52.88	51.88	56.27	54.14	53.89	60.46	61.6	64.09
Highways and public works	14.07	13.97	13.72	13.95	12.77	15.06	15.06	19.39	20.04	17.42
Cultural and Recreation	19.6	23.6	24.44	22.81	23.09	24.76	24.76	33.6	32.61	32.95
Water	5.75	5.8	6.3	6	5.98	6.48	6.48	6.45	6.5	6.6
Sewer	10.75	10.8	11.05	11	11.98	11.48	11.48	12.43	12.53	13.03
Total	142.69	155.74	155.53	153.37	153.62	161.87	162.42	192.18	191.76	183.49

Note: This schedule represents number of persons employed as of September 30 of each year. Vacant positions are included in the above numbers. Full time personnel work 2,080 hours per year.

No Sanitation FTE number is provided since the City contracts out its sanitation services.

Source: City Finance Department

Table #21

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Calls for service	16,941	17,560	15,215	21,600	24,789	26,270	25,368	27,826	29,074	28,840
Burglary	78	98	81	120	159	140	111	89	94	106
Phone harassment	47	30	39	26	40	34	24	35	33	39
Motor vehicle theft	33	32	39	32	46	46	51	50	30	31
Highways and streets										
Street resurfacing - paving (miles)	2.60	2.60	2.01	1.40	1.89	1.86	1.37	1.65	1.74	1.00
Street resurfacing - chip seal (miles)	3.30	4.90	6.16	5.02	5.00	4.20	3.59	2.26	0.00	8.62
Culture and recreation										
Sports leagues programs attendance						4,048	4,283	5,319	5,557	5,566
Special interest programs attendance						1,227	2,101	3,125	2,725	7,756
Water										
New connections	112	100	850	850	390	393	193	206	44	47
Average daily consumption (millions of gallons)	3,684	3,581	3,470	4,005	4,042	4,194	4,819	4,860	4,786	4,518
Sewer										
Average daily sewage treatment (millions of gallons)	2.0	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.4	2.5

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Units	31	36	40	40	43	46	49	52	54	54
Highways and streets										
Streets (miles)	103	106	111	115	129	133	143	149	150.89	153.05
Culture and recreation										
Park acreage	250.19	273.94	328.89	354.74	382.62	395.5	408.37	421.25	437.4	437.4
Parks								19	23	23
Sports Fields	5	5	5	5	5	5	5	5	6	6
Tennis Courts	2	2	2	2	2	2	2	2	2	5
Water										
Water mains (miles)	86	88	91	92	104	108	110	113	113	115
Fire hydrants	558	599	637	695	745	772	811	842	842	865
Maximum daily capacity (thousands of gallons)	11.23	11.23	11.23	11.23	11.23	16.99	16.99	16.99	16.99	16.99
Sewer										
Sanitary sewers (miles)	86	88	91	93	105	109	110	155	158	159
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 (millions 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, 2009**

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

Total Revenue	\$2,261,475
Estimated number of active customers	6,500
Total water produced (thousands of gallons)	1,649,230,299

Schedule of Water Rates

Monthly Base Fee (by meter size)

1" or less	\$ 8.63	1½"	\$14.50
2"	21.56	3"	38.09
4"	61.59	6"	120.44

Metered water Usage 92¢ per 1,000 gallons

Source: City of Post Falls

**City of Post Falls
Statistical Information
Wastewater (Sewer) Fund
September 30, 2009**

Schedule of Treatment Volume

Average Volume	2.48 million gallons per day
Total Volume	906,336,000 gallons

Schedule of Monthly Sewer Rates

The residential rate is \$27.40 for 94% of the City's customers.

The non-residential rate per customer is \$27.40 + \$5.16 per 1,000 gallons of water consumption over 5,000 gallons.

Source: City of Post Falls

**City of Post Falls
Insurance Schedule
September 30, 2009**

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

Audit Section



Above: Post Falls Days Celebration



**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, 2009, which collectively comprise the City of Post Falls, Idaho's basic financial statements and have issued our report thereon dated March 8, 2010. 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

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
March 8, 2010



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