

PAFR

City of Post Falls
Popular Annual Financial Report



Fiscal Year Ended September 30, 2010

Letter to the Citizens

Dear Citizens,

I am pleased to present the 2010 Popular Annual Financial Report (PAFR) of the City of Post Falls for the fiscal year ended September 30, 2010.

The City of Post Falls takes great pride in our transparency and accountability. The purpose of the PAFR is to share the City's financial story with our citizens in an easy to read format.

The PAFR is a summary of the financial activities for the City of Post Falls and was drawn from the 2010 Comprehensive Annual Financial Report (CAFR) and contains information only from selected funds. We invite you to visit our website www.postfallsidaho.org to view the CAFR, PAFR, Operating and Capital Budget and other financial information made available to our citizens.

This year our city, like others throughout the nation, continued to see a slow economy. My staff and I are committed to planning for the future by developing long-range strategic plans that continue to promote economic and smart growth. The city will also continue to listen to the citizens' concerns about the direction of the city in this economic slowdown.



With these initiatives and our commitment to sound fiscal management and reporting standards, Post Falls City Council is working with and for our community to build a solid future for our city and our citizens.



City Hall Plaza in
Summer and Winter



The Vision

The City of Post Falls will be a community recognized for its:

- Leadership and citizen involvement
- Quality services
- Educational opportunities
- Balanced and beneficial growth
- Healthy economic and natural environment
- Cultural diversity

While maintaining a small town atmosphere and quality of life



Mayor and City Council: Seated: Clay Larkin. Standing: (L-R): Linda Wilhelm, Betty Ann Henderson, Skip Hissong, Ron Jacobson, Kerri Thoreson, and Scott Grant

Form of Government

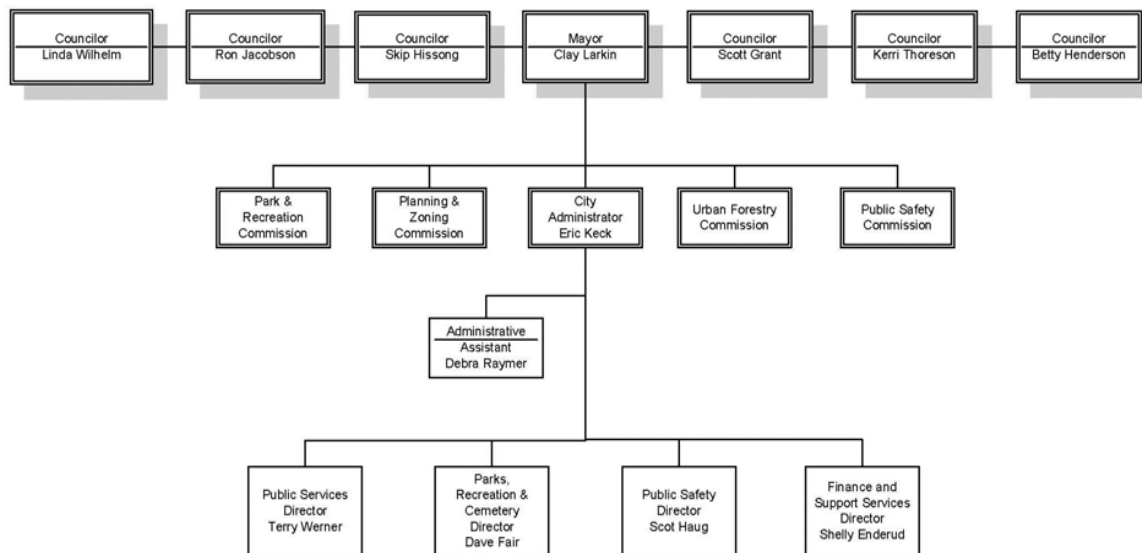
The City Council is an elected body whose primary function is to establish policy direction and make legislative decisions.

The mayor and the six councilors are elected to four-year terms. Elections are held every two years, with three council seats up for election every two years. Council seats are numbered 1 through 6 and candidates for city council designate which seat they are seeking. (Numbered seats do not represent city districts, nor do candidates represent districts. All qualified city voters will vote on all city council candidates.)

ELECTED OFFICIALS

NAME	OFFICE	OCCUPATION	TERM
Clay Larkin	Mayor	Retired	2013
Scott Grant	Council President	Retired	2011
Linda Wilhelm	Councilor	Realtor - Coldwell Banker	2013
Betty Ann Henderson	Councilor	Retired	2013
Skip Hissong	Councilor	Owner - Summit Equipment	2011
Ron Jacobson	Councilor	Senior VP - Inland Northwest Bank	2013
Kerri Thoreson	Councilor	Self Employed	2011

CITY ORGANIZATIONAL CHART



APPOINTED OFFICIALS

Eric Keck	City Administrator
Shelly Enderud	Director of Finance and Support Services
Scot Haug	Chief of Police
David Fair	Parks & Recreation Director
Terry Werner	Public Services Director
Carol Fairhurst	City Clerk

Demographics and Economics

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 26,909 in 2010. This influx of new residents has resulted in a strong construction industry, with total building permit valuations in the City exceeding \$65 million for the past five years and topping \$151.9 million in 2005. The level has decreased the last couple of years and is anticipated to be somewhat stagnated for FY 11.

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, 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., with 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 in December 2001. Jobs Plus, Inc. has also just recently helped bring Center Partners, with a workforce of 300, and Buck Knives with a workforce of 250 to the City. Also, Wal-Mart opened January of 2005. Sysco foods opened their distribution plant during 2005. This project was made possible by Jobs Plus, Inc., 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) needed on the west side for development in that area. In 2007, Cabela's opened its doors to a 130,000 sq. ft. retail store. Considerable economic development activity transpired in 2009 including the opening of ALK Source Materials/Biopol a Danish pharmaceutical company. Ground Force Manufacturing completed an addition increasing their space by 20,000 square feet. In 2010, a second Super Wal-Mart store opened near the new Cabela's store, and Lowe's Home Improvement purchased adjacent land. A 30,000 sq. ft. professional office building was constructed to house Ednetics, an educational software company; the State of Idaho Department of Labor opened their new regional office in Post Falls serving the northern five counties; C&S Glass began construction of a 10,000 sq. ft. glass service and distribution center, and the infrastructure was completed within the City Center on the first phase of the Post Falls Landing Commercial project that is designed to accommodate a hospitality element, retail and professional buildings. In early 2011, Love's Travel Centers will be constructing a new fuel center along Interstate 90 with a convenience store and Carl's Jr. Restaurant. Blue Dog RV plans construction of a RV showroom and maintenance facility; several restaurants are also anticipated to locate within the Pointe at Post Falls regional power center; the City's downtown area is expected to see a major mixed use project also take off with the creation of the community's seventh urban renewal district. 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 Interstate 90. The commercial sector will continue to be active and bolster the local economy while the residential housing market will continue to normalize itself and perhaps see somewhat of a surge during 2011.



Post Falls at a Glance

POST FALLS AT A GLANCE		
Fiscal Year	2001	2010
City Assessed Valuation	\$892,717,766	\$2,381,141,525
Total Tax Levy	\$3,631,687	\$8,767,658
Total Budget	\$18,965,298	\$41,734,161
Outstanding Debt	\$7,059,727	\$17,012,865
Population	18,000	26,909
Employees	155.74	175.75
Park Acreage	273.94	437.4
Sanitary sewers (miles)	88	160
Police Units	36	58
Street Miles	106	153.05

Miscellaneous Statistics	
Date of Incorporation	1891
Form of Government	Mayor & Council
Population	26,909
Number of Employees	176
Miles of Streets	153
Police:	
<i>Calls for service</i>	30,467
<i>Burglary</i>	107
<i>Phone harassment</i>	38
<i>Motor Vehicle Theft</i>	24
Municipal Utilities:	
<i>Water Customers</i>	9,500
<i>Wastewater Customers</i>	10,000
Public School Enrollment	5,620

2010 Principal Employers		Type of Business	No. of Employees	Percentage of Total City Employment
1	Post Falls School District No. 273	Education	620	5.10%
2	Center Partners Inc.	Business Services	600-700	4.94%
3	Walmart Supercenter	Department store; retail groceries	400-500	3.29%
4	Kimball Office	Office Furniture & Equipment	320	2.63%
5	Buck's Knives	Manufactures knives	250	2.06%
6	Cabela's	Retail sporting equipment	194	1.60%
7	All Wall Contracting Inc.	Painting/Paper Hanging Contractor	125	1.03%
8	Mor Manufacturer	Printed circuit boards; electronic cables	105	0.86%
9	Sysco	Food Products Distribution	100	0.82%
10	Red Lion Templin's Hotel	Hospitality	55	0.45%
		Sub-Total	2,769	22.78%
		Estimated number of employees in Post Falls	12,153	

Major Initiatives

Growth Management – Adopted in 2010, the new Smart Code will hopefully incentivize a more traditional neighborhood development feel with communities and individual projects which will fall under its prescriptions. Community Development is working on the creation of an annexation policy to help evaluate the fiscal impact of a proposed annexation and serve as a guide for elected officials of the community to determine the viability of an annexation proposal.

The City continues to collaborate with the Post Falls Urban Renewal Agency. Projects are being designed for the City Center District that will foster new investment and development. New development in that area includes a multi-tenant medical building, and an agreement with the Post Falls Chamber and the City which allowed the Chamber of Commerce to develop a new 6,000 square foot office building on the City Hall campus during FY 10.

The Cities of Post Falls, Hayden, Rathdrum and Kootenai County will evaluate wastewater management for the Rathdrum 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. We continue to work towards better treatment of all pollutants and provide the best service to our community. 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. A program has been initiated to pave or replace badly deteriorated chip sealed streets with new pavement in residential districts. This past year we invested over \$600,000 in this area to improve the traveling service.

The Water Utility Division operates a water system to serve the City which consists of 9 wells and 5 reservoirs with a pumping capacity of 14 million gallons a day with reservoir capacity of 6.5 million gallons. The Water Reclamation Division is expanding facilities. This will add 1 million gallons of daily capacity and with some additional equipment add an additional million gallons a day to bring the plant capacity to 5.1 million gallons a day. A lift station upgrade improved 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 hauled off site and processed by Parker Ag Systems. The Water Reclamation Division has 628 acres for future land application for reclaimed water.

The City completed a study for local limits for the Water reclamation Division and continues to work with EPA on a new NPDES permit for the water reclamation facility. This permit will have some of the most stringent limits of any in the U.S. The City completed the first year under the NPDES permit for storm water.

Other Community Services – The Parks and Recreation Department is responsible for the operations of the City's Parks, Recreation, Cemetery, and Urban Forestry divisions. The department continues to upgrade and maintain our parks and city facilities. Improvements were made in the following areas: irrigation systems, picnic shelters, restroom facilities, trails and pathways, maintenance equipment, trash collection, security cameras, lighting, signage, wildlife management, and playground equipment. In addition, the department continues to emphasize good customer service and maximization of resources.

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

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 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. To further this goal, a purchasing officer position was added within the Finance Department.

Last, the City implemented a newer flattening of the organization, bringing more departments together under a single department head, thereby eliminating the need for three department heads and centralizing program tasks to create more efficiency within the City. This has helped to reduce waste and personnel costs within the City.



Awards

The Popular Annual Financial Report (PAFR), sometimes called the Annual Report to Citizens, is a summary of the financial activities of the City's governmental funds and is drawn from information found in the CAFR. Unlike the CAFR, the PAFR is unaudited and presented on a non-GAAP basis.

The City of Post Falls received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the 2008 PAFR. This Annual Report to Citizens is the City's second Popular Annual Financial Report (PAFR) and has been submitted for the award. The award is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government popular reports. In order to receive this award, a government unit must publish a report, with contents that conform to standards of creativity, presentation, understandability, and reader appeal.



Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**City of Post Falls
Idaho**

for the Fiscal Year Ended

September 30, 2009




President
Jeffrey L. Esser
Executive Director

General Financial Information

These charts are derived from the City's Statement of Activities included in the CAFR. This report provides a detailed account of the revenues (sources of income) and expenses (the use of money) for City operations. It reflects the changes in net assets that occurred during the fiscal year.

The City's direct charges to users of governmental services made up \$3,624,166 or 18.9 percent of total governmental revenue. These charges are for park rentals, recreation classes, building permits and other fees related to public safety and administration.

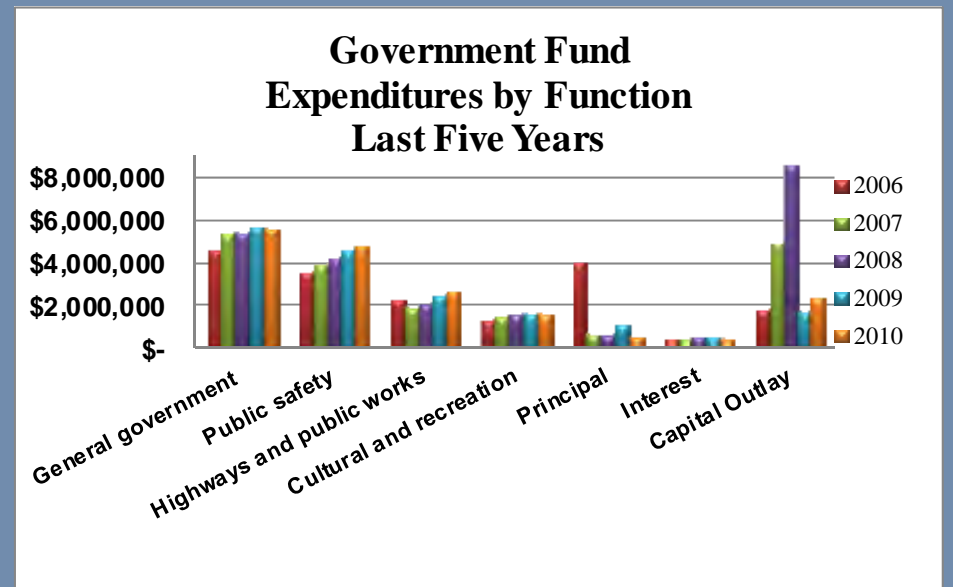
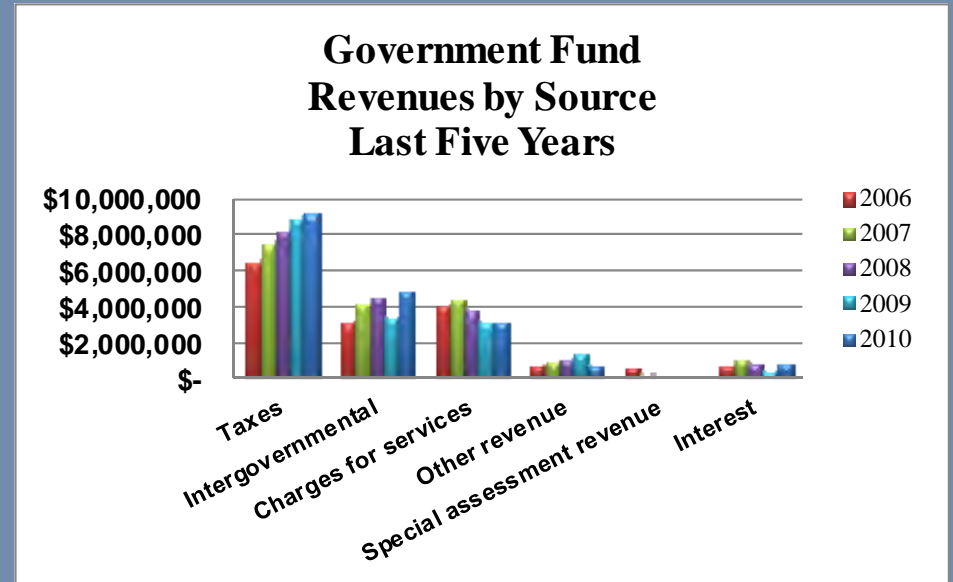
Public safety which includes police, domestic violence assistance, animal control and dispatch services accounts for \$5,059,738 in expenditures, or 29.4 percent of the total. Highway and public works accounts for \$3,550,658 in expenditures, or 20.6 percent of the total. Culture and recreation accounts for \$1,728,016 in expenditures, or 10 percent of the total. General government, the largest program, accounts for \$6,425,994 in expenditures, or 37.3 percent of the total.

The majority of the City of Post Falls' governmental activities' revenue is received from property tax (46 percent) with charges for services following at (19 percent).

All taxes are added together make up 62 percent of the budget.

Revenues when compared to expenses, show none of the City's programs are self supporting. They all require tax support to continue at their current level of service. Grants and contributions are primarily received by public safety and public works. These grants normally have matching requirements by the City, but allow programs and projects that may not happen without those additional funds. The City currently runs a domestic violence program that is primarily funded through federal grants.

In reviewing the charts two anomalies exist in the Expenditure chart. In 2006, an interim LID bond caused principal debt payments to spike for that year only. In 2008, the City completed construction of the new city hall and completed a large street project on 4th Ave creating a spike in capital outlay for the fiscal year.



Statement of Net Assets

The Statement of Net Assets, reflects the City's net assets at the end of the fiscal year. It 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 \$159,965,348 at the close of the most recent fiscal year.

By far the largest portion of the City of Post Falls' net assets (72.9 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.

An additional portion of the City of Post Falls' net assets (12.5 percent) represents recourses that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$23,456,379) 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, 85.1 percent of the liabilities are made up of noncurrent liabilities. This primarily represents bonds and leases.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current and other assets	\$17,820,790	\$15,575,949	\$29,852,780	\$34,657,776	\$47,673,570	\$50,233,725
Capital assets	55,187,752	54,104,437	77,323,372	69,855,055	132,511,124	123,959,492
Total assets	73,008,542	69,680,386	107,176,152	104,512,831	180,184,694	174,193,217
LIABILITIES						
Long-term liabilities outstanding	7,271,228	7,344,464	9,935,094	10,833,043	17,206,322	18,177,507
Other liabilities	1,834,572	1,480,750	1,178,452	1,559,077	3,013,024	3,039,827
Total liabilities	9,105,800	8,825,214	11,113,546	12,392,120	20,219,346	21,217,334
NET ASSETS						
Invested in capital assets, net of related						
Debt:	49,083,464	47,567,676	67,461,731	59,324,239	116,545,195	106,891,915
Restricted	6,957,699	3,305,761	13,006,075	11,338,570	19,963,774	14,644,331
Unrestricted	7,861,579	9,981,735	15,594,800	21,457,902	23,456,379	31,439,637
Total net assets	\$63,902,742	\$60,855,172	\$96,062,606	\$92,120,711	\$159,965,348	\$152,975,883

General Fund

The City of Post Falls, like all other governmental entities in Idaho, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The general fund is the chief operating fund of the City of Post Falls.

Fund balance is the difference between fund assets and fund liabilities in a governmental fund. Unreserved fund balance is the portion of total fund balance available for appropriation that is uncommitted at year end. At the end of the current fiscal year, unreserved and un-designated fund balance of the general fund was \$7,151,378, with a

total fund balance of \$10,959,554. 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 47.2 percent of total general fund expenditures, while total fund balance represents 72.3 percent of that same amount.

Key functional areas and their percentage of general fund expenditure are listed below. General government expenditures, the largest at 37%, include such departments as planning and zoning, administration, mayor and council, finance, library, and personnel benefits.

General Fund Expenditures by Function



Capital Asset Additions

The Sewer system is the largest asset group of the City . This would include items such as buildings, lift stations, sewer lines, equipment and vehicles. The largest asset group of the Governmental funds is Infrastructure. This would include items like sidewalks, roads and curbs.

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

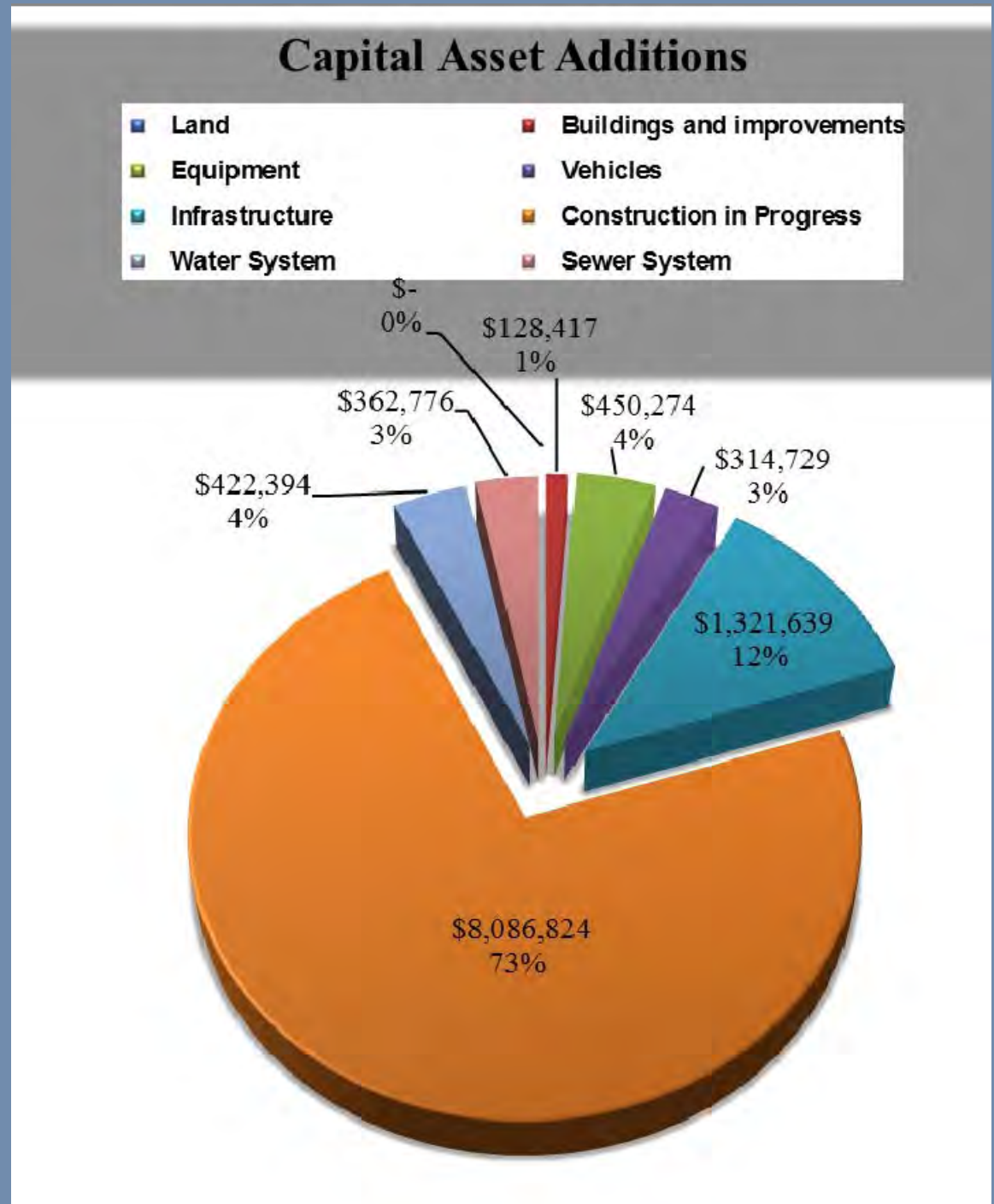
Donated capital assets from developers as they develop commercial areas and subdivisions.

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 equipment for Public Safety through the use of federal grants to help keep the community safe.



Enterprise

One of the major sources of the City of Post Falls' business-type activities' revenue is received from charges for services (78 percent). Currently, the City of Post Falls' business-type activities do not use property taxes for any type of funding.

The second major source of revenue is capital construction (14 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.

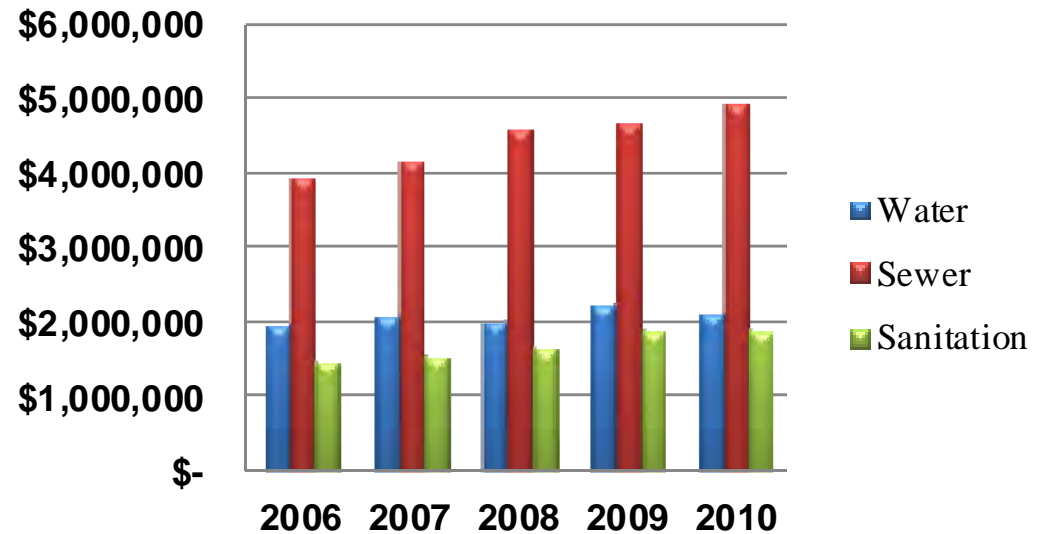
When revenues are compared to expenses, it shows all of the City of Post Falls' programs are self supporting. In sewer this includes capital contributions from developers.

Investment earnings show a small upturn in FY 10 as interest rates start increasing with the economic changes.

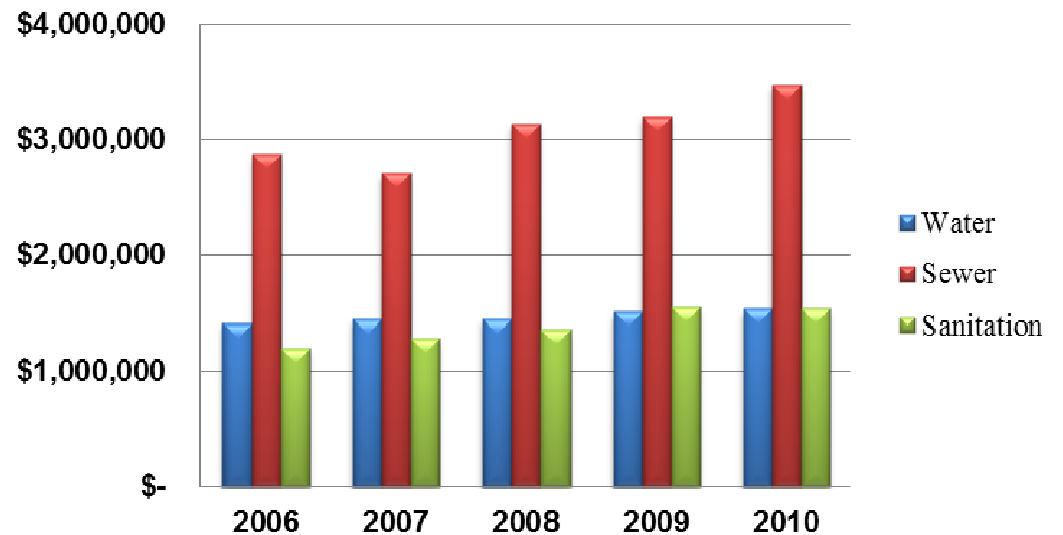
Again, for the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The City had been growing at a very rapid pace and it has slowed considerably over the last couple of years. The City is the only sewer provider within the City limits and is one of three providers of water within the City limits. All sanitation services are provided through the City.

Unrestricted net assets of the water, sewer and sanitation funds at the end of the year amounted to \$15,594,800 (water \$4,145,143; sewer \$10,652,509; and sanitation \$797,148). Restricted net assets at the end of the year amounted to \$13,006,075 (water \$5,261,902 and sewer \$7,744,173).

Enterprise Operating Revenue



Enterprise Operating Expense





City of Post Falls Finance and Support Services

www.postfallsidaho.org