

# PAFR City of Post Falls Popular Annual Financial Report



Fiscal Year Ended September 30, 2011



# Letter to the Citizens

Dear Citizens,

It gives me great pleasure to present the 2011 Popular Annual Financial Report (PAFR) for the City of Post Falls on behalf of the Post Falls City Council.

Also known as the Annual Report to Citizens, the PAFR is a brief analysis of where the revenues come from to operate the City and where those same dollars are spent. It is our goal to provide a means of communicating the financial operations of the City in an easy to understand financial report.

The PAFR is a summary of the financial activities for the City of Post Falls and was drawn from the 2011 Comprehensive Annual Financial Report (CAFR) and contains information only from selected funds. Copies of the City's PAFR and CAFR are available on the City's website at [www.postfallsidaho.org](http://www.postfallsidaho.org).

Last year the city began to see a slowdown in economic growth, that has continued through this year. My staff and I are committed to promoting economic development along with addressing the slow-down of the economy.

During the coming year, city officials and administration will continue planning for the future by developing long-range strategic plans and continue to promote economic and smart growth. The city will also continue to listen to the citizens and their concerns about the direction of the city and the economic slowdown.



With these initiatives and our commitment to sound financial management practices and reporting standards, Post Falls City Council is working with and for our community to build an impressive legacy that will benefit our city in both the near and distant future.

A handwritten signature in black ink, appearing to read "Clay L. Smith". The signature is fluid and cursive, written over a white background.



## ***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

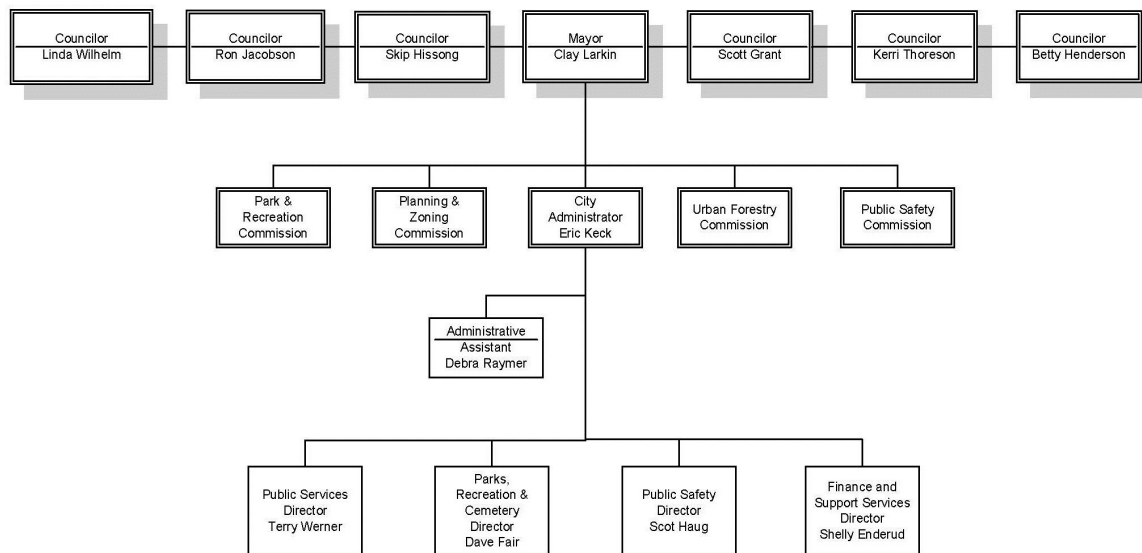
The City Council is an elected body whose primary function is to establish policy direction and make legislative decisions.

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
Charity Cynova	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 27,574 in 2011. This influx of new residents has resulted in a strong construction industry until the last three years. Currently, the level has decreased over the last four years, but is anticipated to see slight growth in FY 12.

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 employing 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 a new store in January of 2005. Sysco foods opened a distribution plant in 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) that was needed on the west side of town for development in that area. In 2007, Cabela's opened its doors to a 130,000 square foot retail store. Considerable economic development activity transpired in Post Falls in 2009 including the opening of ALK Source Materials/Biopol, a Danish pharmaceutical company. Ground Force Manufacturing, a construction equipment manufacturer, completed an addition increasing 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, a second Super Wal-Mart store opened near Cabela's store, and Lowe's Home Improvement finalized the purchase of land adjacent to the new Wal-Mart at the Pointe at Post Falls. A new 30,000 professional office building to house Ednetics, a high tech educational software company; the State of Idaho Department of Labor finalized construction and opened their new regional office in Post Falls providing services to the northern five counties of Idaho; C&S Glass began constructing a new 10,000 square foot 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 and several retail and professional buildings. In October of 2011, Love's Travel Centers opened a new fuel center along Interstate 90 that has a convenience store and a Carl's Jr. Restaurant. Blue Dog RV opened a new recreational vehicle showroom and maintenance facility; a new Burger King restaurant opened adjacent to the original Wal-Mart store. In 2012, the community anticipates additional commercial and industrial development and growth. Specifically, Blue Dog RV will construct a 16 bay recreational vehicle repair and maintenance facility; expansion of Raycap Industries production and engineering facility within the Riverbend Commerce Park; construction of a new 80,000 manufacturing and fabrication facility for a new company by the name of Underground Force; construction of 150 new units of market rate multifamily housing within the Tullamore development in east Post Falls; and the construction of a new clinic facility for the Dirne Community Health Center. The City will also finally see the construction of the Post Falls Club facility of the Boys and Girls Club of Kootenai County. This facility is anticipated to be 10,000 square feet and will begin construction in April. The most exciting project that is anticipated to both be started and completed is a new freeway interchange along Interstate 90 at Beck Road. This interchange is a design build project that is expected to begin in February of 2012 and be completed in the fall. This new interchange will usher in additional development opportunities within the Pointe at Post Falls' shopping center.



# Post Falls at a Glance

POST FALLS AT A GLANCE		
Fiscal Year	2002	2011
City Assessed Valuation	\$1,007,449,488	\$2,266,600,927
Total Tax Levy	\$3,896,692	\$8,163.649
Total Budget	\$18,442,792	\$34,444,485
Outstanding Debt	\$10,115,861	\$13,917,140
Population	18,281	27,574
Employees	155.53	183.6
Park Acreage	328.89	438.8
Sanitary sewers (miles)	91	160
Police Units	40	60
Street Miles	111	154.69

Miscellaneous Statistics	
Date of Incorporation	1891
Form of Government	Mayor & Council
Population	27,574
Number of Employees	183
Miles of Streets	155
Police:	
<i>Calls for service</i>	30,156
<i>Burglary</i>	128
<i>Phone harassment</i>	25
<i>Motor Vehicle Theft</i>	25
Municipal Utilities:	
<i>Water Customers</i>	9,990
<i>Wastewater Customers</i>	9,766
Public School Enrollment	5,695

# Major Initiatives

## Current Year Projects

Our area has seen a downturn in growth over the last year. The following are projects the City was involved with during FY 11:

- Kicked off a High Performance Organization model in City to assist with long term planning and ensure fiscal health of the City.
- Installed hydrant locks for added security of the water system.
- Additional shelters were added at various parks for the citizens to enjoy.
- Additional parking was added at Q'emlin Park, helping to alleviate overcrowding during the summer.
- Text-A-Crime was introduced to citizens – the first program to be introduced in the State of Idaho.
- On-line payment systems were installed for the Public Safety department.
- An additional K-9 was added to the department thanks to Federal Grant funds.
- Several grants were secured by the City, allowing for additional public safety equipment, traffic enforcement, domestic violence programs, and infrastructure enhancements.
- Radio read replacement is 80% complete at this point, reducing labor hours for the water department.

## Future Projects

Highlights of some of our future projects are as follows:

- We will continue construction to upgrade the Water Reclamation Division to treat 4 million gallons per day.
- We will continue to work aggressively to draw economic development to the area.
- We will complete a Strategic Plan Update, a Park and Recreation Master Plan and implement Priority Based Budgeting to ensure the City is operating as a high performance organization and ensures long term fiscal health.



# 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 2010 PAFR. This was the third consecutive year that the city has achieved this 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, 2010



*Linda C. Davidson*  
President

*Jeffrey L. Esser*  
Executive Director



# General Financial

The following charts are derived from the City's Governmental Activities statements 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.

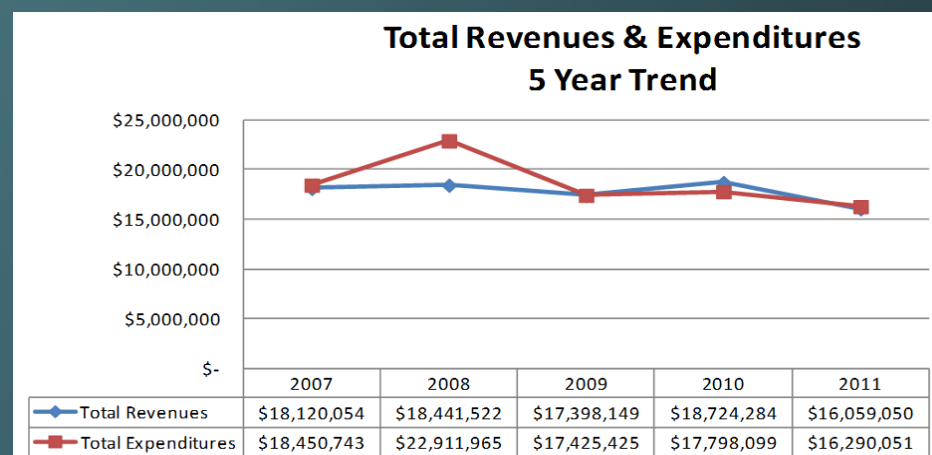
The City's direct charges to users of governmental services made up \$2,267,460 or 13.4 percent of total governmental revenue. These charges are for park rentals, recreation classes, building permits and other fees related to public safety and administration.

Public safety which includes police, domestic violence assistance, animal control and dispatch services accounts for \$5,269,056 in expenditures, or 32.3 percent of the total. Highway and public works accounts for \$3,544,205 in expenditures, or 21.8 percent of the total. Culture and recreation accounts for \$1,897,509 in expenditures, or 11.6 percent of the total. General government accounts for \$5,162,556 in expenditures, or 31.7 percent of the total.

The majority of the City of Post Falls' governmental activities' revenue is received from taxes (69.1 percent) with charges for services following at (15.6 percent).

When revenues are compared to expenditures over the last five years, it demonstrates a slowing of revenues and expenditures over the time frame. This is indicative of the current economy. Also, in 2008 an anomaly exists. During the FY 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, so expenditures were significantly more than revenues. The chart also shows that four out of the five years, expenditures surpassed revenues. This is due to the general government support for enterprise activities being funded by transfers (not reflected in revenues but in transfer line at bottom of Change in Net Assets Statement). With those additional transfers, all years become positive with the exception of FY 2008 as noted above.

	Governmental Activities		
	Primary Government		
	2011	2010	Change
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$2,627,460	\$3,624,166	\$996,706
Operating grants and contributions	1,100,014	1,595,061	\$495,047
Capital grants and contributions	1,198,937	1,310,061	\$111,124
General revenues:			
Property taxes	8,459,938	8,876,092	\$416,154
Other taxes	3,205,182	3,028,031	-\$177,151
Other	289,048	753,527	\$464,479
Total revenues	<u>\$16,880,579</u>	<u>\$19,186,938</u>	<u>\$2,306,359</u>
<b>EXPENSES</b>			
General government	\$5,162,556	\$5,707,518	\$544,962
Public safety	5,269,056	5,059,738	-\$209,318
Highway and public works	3,544,205	3,550,658	\$6,453
Culture and recreation	1,897,509	1,728,016	-\$169,493
Interest on long-term debt	419,106	453,861	\$34,755
Total expenses	<u>\$16,292,432</u>	<u>\$16,499,791</u>	<u>\$207,359</u>
<b>INCREASE IN NET ASSETS BEFORE TRANSFERS</b>	<u>588,147</u>	<u>2,687,147</u>	<u>\$2,099,000</u>
<b>TRANSFERS IN (OUT)</b>	<u>1,078,899</u>	<u>1,078,899</u>	
<b>INCREASE IN NET ASSETS</b>	<u>1,667,046</u>	<u>3,766,046</u>	<u>\$2,099,000</u>
<b>NET ASSETS beginning</b>	<u>64,621,218</u>	<u>60,855,172</u>	<u>-\$3,766,046</u>
<b>NET ASSETS ending</b>	<u>\$66,288,264</u>	<u>\$64,621,218</u>	<u>-\$1,667,046</u>





# Statement of Net Assets

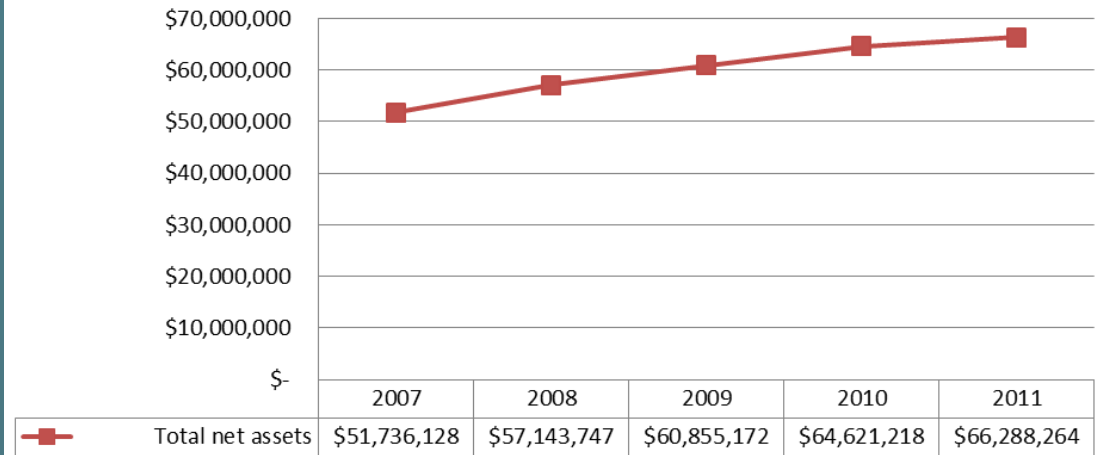
The Statement of Net Assets for Governmental Activities reflects the City's net assets at the end of the fiscal year. It may serve over time as a useful indicator of a government's financial position. In the case of the City of Post Falls, assets exceeded liabilities by \$66,288,264 at the close of the most recent fiscal year.

By far the largest portion of the City of Post Falls' net assets (75.8 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, other improvements, infrastructure, and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City of Post Falls uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Post Falls' 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 (11.2 percent) represents recourses that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (12.9 percent) 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.

## Total Net Assets 5 Year Trend



### Statement of Net Assets Governmental Activities

	2011	2010	Change
<b>ASSETS</b>			
Current and other assets	\$19,101,403	\$17,820,790	\$1,280,613
Capital assets	55,288,099	55,187,752	-100,347
Total assets	74,389,502	73,008,542	1,180,266
<b>LIABILITIES</b>			
Long-term liabilities outstanding	5,881,082	7,271,228	1,390,146
Other liabilities	2,220,156	1,834,572	385,584
Total liabilities	8,101,238	9,105,800	1,775,730
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	50,259,164	49,083,464	1,175,700
Restricted	7,451,981	6,957,699	494,282
Unrestricted	8,577,119	8,580,055	-2,936
Total net assets	\$66,288,264	\$64,621,218	\$1,667,046

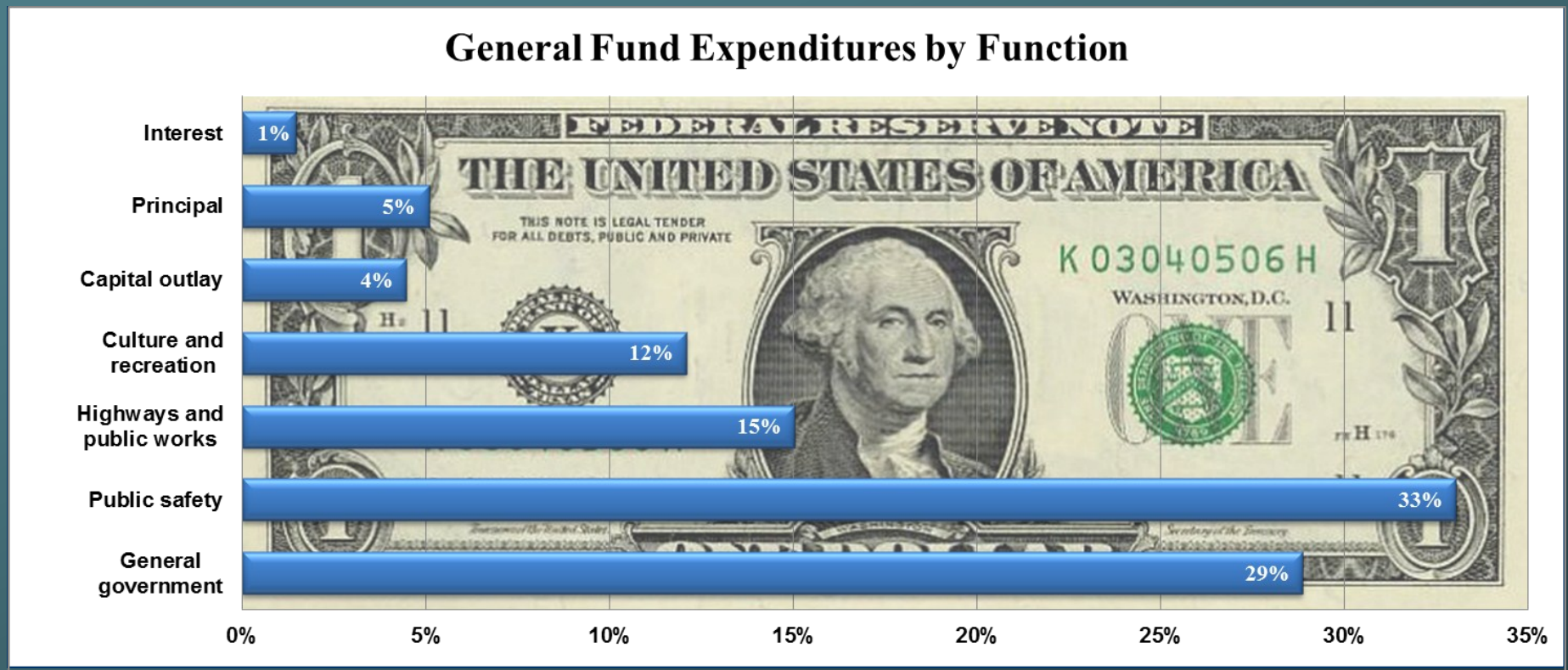
# General Fund

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. Unassigned fund balance is the portion of total fund balance available for appropriation that is not constrained for any particular purpose at year end. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$4,676,543, with a total fund balance of \$11,316,112. As a measure of the general fund's liquidity, it may be useful to compare both

unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.2 percent of total general fund expenditures, while total fund balance represents 78.7 percent of that same amount.

Key functional areas and their percentage of general fund expenditure are listed below. Public safety expenditures, the largest at 33%, include such departments as patrol, animal safety, and emergency communications. General government, the next largest includes departments as planning and zoning, administration, mayor and council, finance, and personnel benefits.





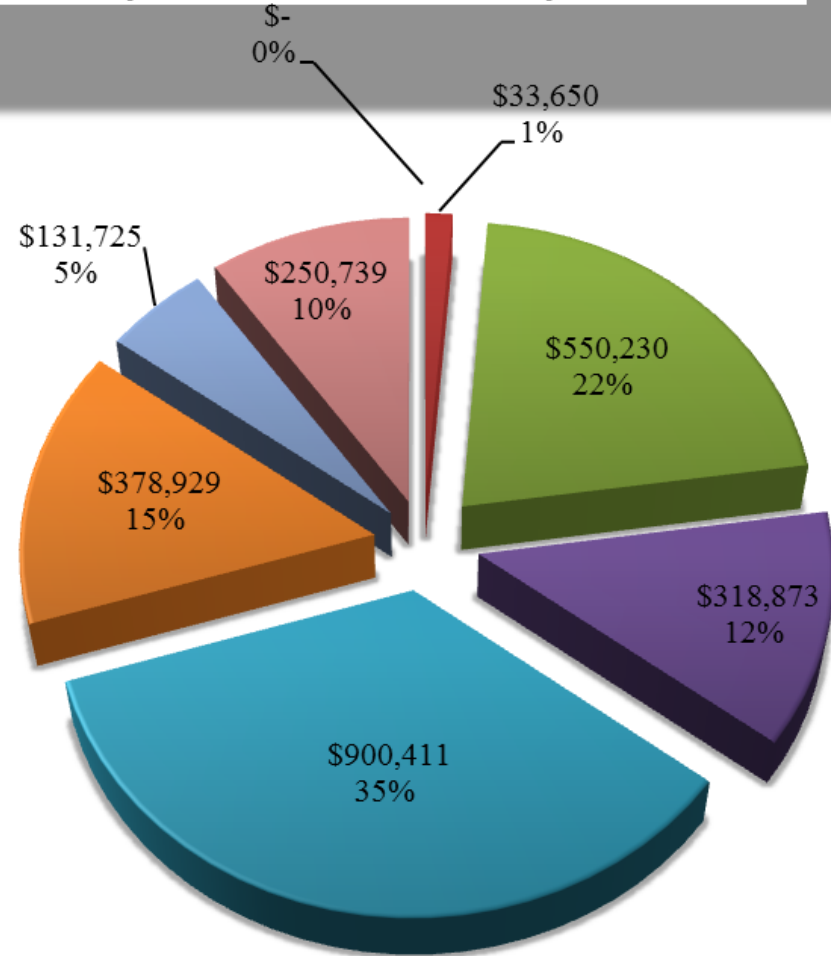
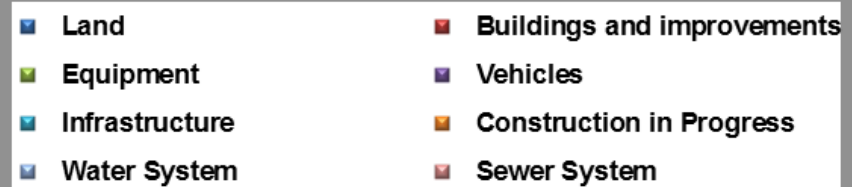
# Capital Asset Additions

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.

## Capital Asset Additions



# Enterprise

One of the major sources of the City of Post Falls' business-type activities' revenue is received from charges for services (85 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 (12.7 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.

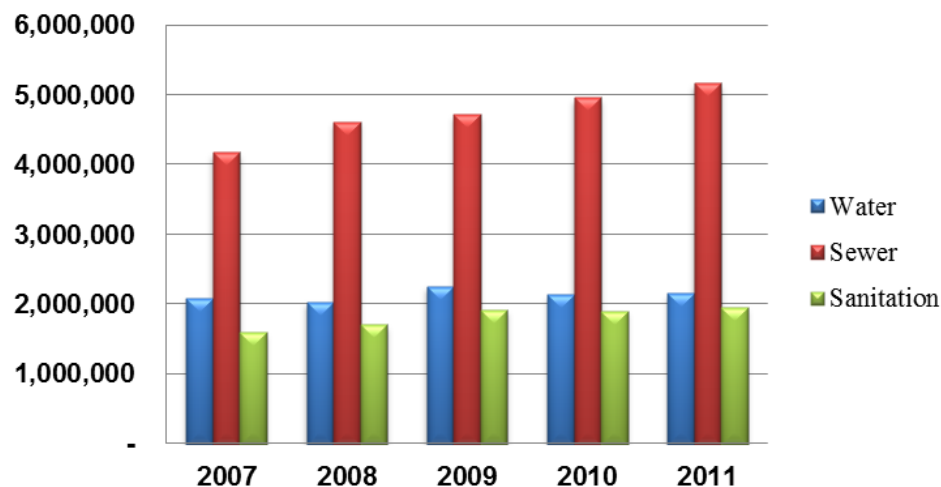
When revenues are compared to expenses, it shows that all of the City of Post Falls' programs are self supporting. In sewer this includes capital contributions from developers.

Investment earnings are slumped in FY 11 as interest rates continue at all time lows in the current economy.

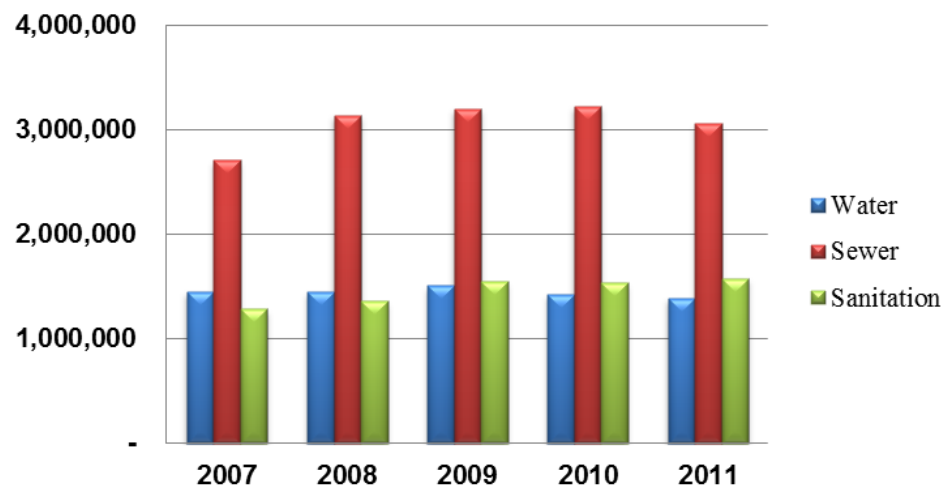
Again, for the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The City had been growing at a very rapid pace and it has slowed considerably over the last couple of years. The City is the only sewer provider within the City limits and is one of three 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 \$15,086,041 (water \$4,074,565; sewer \$10,047,295; and sanitation \$964,181). Restricted net assets at the end of the year amounted to \$14,951,113 (water \$5,870,065 and sewer \$9,081,048).

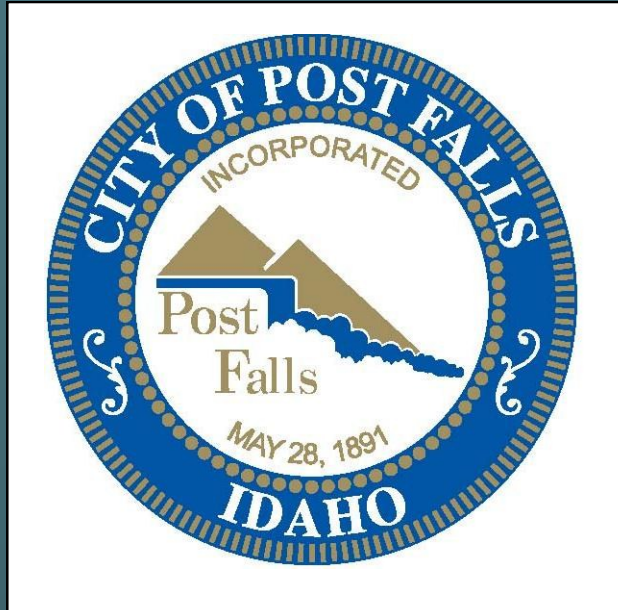
### Enterprise Operating Revenue



### Enterprise Operating Expense







City of Post Falls Finance and Support Services

[www.postfallsidaho.org](http://www.postfallsidaho.org)