

CITY OF POST FALLS, IDAHO

CAFR Comprehensive Annual Financial Report



For the Year Ended September 30, 2010

CAFR Comprehensive Annual Financial Report



Compiled by:
Shelly Enderud
City Finance Director/Treasurer

**Above: City Hall in Summer and Winter
Cover: Post Falls City Hall**

For the Year Ended September 30, 2010

City of Post Falls, Idaho
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2010

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Introductory Section



Above: Post Falls City Hall Plaza in Summer and Winter



February 25, 2011

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, 2010, 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 auditor's 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 26,909 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 over 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 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 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) 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. 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, a second Super Wal-Mart store opened near the new 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 a high tech educational software company named Ednetics; the State of Idaho Department of Labor finalized construction and opened their new regional office here in Post Falls that provides 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 early 2011, 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 the creation of the community's seventh urban renewal district. This project will be named the Idaho Veneer Development in honor of the mill and wood products company that owns the land proposed for redevelopment; 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.

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 was adopted during FY 10. The code will also assist the City in creating sustainable development projects as well as encourage more pedestrian friendly development.

Community Development will continue 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 that 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 allowed the Chamber of Commerce to develop a new 6,000 square foot office building on the City Hall campus during FY 10.

A collaborative effort between the Cities of Post Falls, Hayden, 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. 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. 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. 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. 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 65% complete. 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 75% 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 completed 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 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. This will help with insurances of permit compliance. We continue to work with EPA towards a new NPDES permit for the Water reclamation facility. This permit will have some of the most stringent limits of any in the United States. 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 is responsible for the operations of the City's Parks, Recreation, Cemetery, and Urban Forestry divisions. The focus of the department is to help the City meet its strategic plan goals and the more recent Initiatives program by providing programs and facilities that embrace those goals.

As a department we continue to upgrade and maintain our parks and City facilities. The focus is on planning, development, and standardization of infrastructure to increase system efficiency, improving cost effectiveness, safety, and reducing liability, the department must comply with Americans with Disabilities Act (ADA), playground safety and environmental regulations.

Over the last few years the department has made improvements in the following areas: state of the art 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 as it tries to keep up with public demand for services.

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 for the department.

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.

Lastly, 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.

Departmental Highlights of FY 2010

Police

- Replaced five patrol vehicles with excessive mileage. Four of those vehicles went into the patrol rotation and one vehicle was issued to the School Resource Officer. Two of these vehicles were purchased with Justice Assistance Grant funds.
- Purchased two 2010 Kawasaki Concours Police Motorcycles to replace current 2001's. These motorcycles will help reduce the risk of injury to staff and have the latest technology integrated to allow officers to be as efficient as possible.
- Obtained Justice Assistance Grant to purchase a 2011 Yamaha Rhino 4x4. This vehicle will primarily be used by the Volunteers on Patrol to actively patrol the Centennial Trail and our local Parks. In the past, River City Yamaha had provided the department with the use of a Rhino at no cost to the City. This program ended last year. It is vital in our eyes to have someone out on the trail that can assist when needed.
- Our K-9 program continues to be a success. Koda has successfully completed all of this training to become Idaho POST certified in Tracking and Drug detection. In his first couple of weeks on the streets he's been successful in approximately eight drug finds.
- Departmental volunteers continue to provide a valuable service to the Department and the City. We have added five volunteers to the program which has enhanced the capabilities of the program. The volunteers continue to provide an excellent service to our customers.
- The department has established an agreement with Spokane based InterTech Pro to automate payments and fines. When completed, this automation project will enhance our service to the community by permitting the payment of fees and fines through the use of the Department website. Customers will be able to pay citations, traffic school, parking citation, etc., online using a credit card for payment. In addition to improving service, this will also reduce the workload for our records and communications staff. We are on track to have this on line after the first of January 2011.
- Obtain State accreditation – We have completed the first few steps in obtaining State accreditation. The initial site visit was completed by the Idaho Chiefs of Police Association in September and the final site visit will be completed by the end of the year. We will become the first agency in North Idaho to obtain this accreditation.
- Update Department policy – We have just completed an update to the Police Department Policy. These updates will help to ensure that we are following common police practice and the content does not become outdated.
- Voiceless dispatching – We have transitioned to voiceless dispatching to enhance our efficiency. This new program includes dispatching of calls that are not in progress using the Mobile Data Computers in the car. When a call is received that is not in progress, the dispatcher can simply send the call to the car without using the radio. Once received, the officer can simply touch a button and show he or she is en-route to the call. All in progress calls continue to be dispatched in the same method they are currently dispatched, by using the radio. This new process improves efficiency, while reducing the workload on our Communications Center.
- Alcohol beverage control licensing transferred to the Department – With the reorganization of the City, alcohol beverage licensing was transferred to the Police Department. We established a Standard Operating Procedure (SOP) to accept applications and issue licenses as appropriate.

- Analysis of Code Enforcement duties – We analyzed the Community Services Division and determine the feasibility of proactive vs. reactive code enforcement and the proper staffing needs associated with changes that occur. We have added a sworn officer to this division which will allow us to be more proactive. We are currently working weekly to re-write City Ordinances that are out dated and un-enforceable.
- Analyze and implement employee suggestions – We completed employee meetings at the end of 2009. These meetings were an opportunity for employees to express their concerns and ideas, one on one, to enhance the efficiency and operations of the Police Department. Since that time, we have been working to implement many of the ideas provided by the staff.
- The Department upgraded the 911 telephone system, including the replacement of dilapidated 911 station computers. This upgrade allows us to continue to be on the cutting edge of 911 technologies and be prepared for whatever 911 challenges we face.
- The Department analyzed its administrative positions this year. After careful analysis, it was determined that the Lieutenant and Communication Manager's positions were not categorized correctly. In looking closely at the job duties and considering recent promotions in the surrounding agencies it was decided to promote out administrators to the position of Captain and Communications Director.

Parks, Recreation, and Cemetery

- A picnic shelter was installed behind the tennis courts at Black Bay Park.
- The Department renovated the old Chamber of Commerce building and began holding recreational classes in it beginning with the fall season.
- The Department maintains 71 separate park and city sites.
- Continued work on the Anselmo part of Corbin Park including turf development, fencing, and road improvement.
- A new 16' x 20' storage building was added allowing the cemetery staff to work on headstones year round.
- The cemetery division handled 77 services and 80 lot sales.
- Attendance hours for recreation programs exceeded 150,000 program hours.
- Over 900 volunteers donated 17,734 hours of their time to the recreation division.
- Another 552 trees were added to the tree inventory database, bringing the complete public tree inventory to 11,447 trees, representing an asset value of \$14.6 million.
- The City received an ARRA Urban Forestry Stimulus Grant worth \$121,000 to be used in FY 2011.
- Over 3,000 trees were given away as part of the City's annual Arbor Day Program.

Public Works, Community Development

- Finalized the Smart Code project and will be working on the first sizable annexation under this code in 2011.
- Digitized engineering plan, plats, and as build drawings, work is continuing in this area.
- Enhanced GIS system to tie building, planning and engineering together leading to greater cooperation and coordination.
- Installing radio read meters to read water meters using less labor hours. This program is 65% complete at this point.

- Installing hydrant locks for added security of the system. This program is 75% 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.
- Implemented a new flatter organization chart, allowing for more centralization of processes in the City.
- 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 and implemented new financial software to improve accountability and flexibility in reporting to both internal departments and external customers.

Factors Affecting Financial Condition

In the current economic environment, the main factors affecting the City's financial condition are the slow growth in the area, high unemployment, high housing foreclosures, and the instability of investment markets with lower than normal returns. The City has responded to this downturn in the economy by implementing efficiencies that allow for the reduction of labor hours without a reduction in the level of service. The last two years, the City has reduced its General Fund budget by approximately \$3 million and anticipates the FY 11 budget allocation levels to stabilize over the next couple of years. With the changes the City has implemented, it will be ready to address future needs of the citizens.

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 of Excellence in Financial Reporting to the City of Post Falls, Idaho for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the twelfth 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, 2009

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.



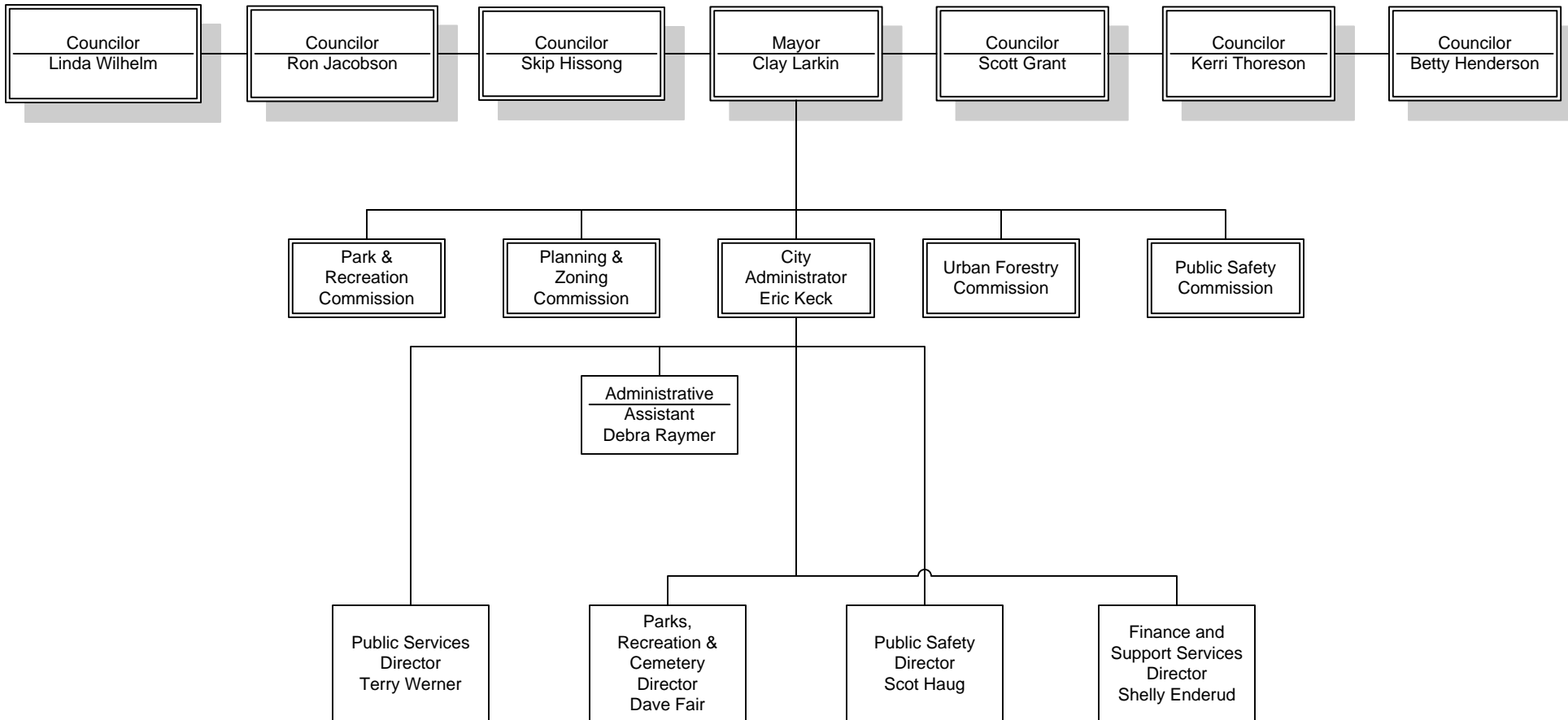
A stylized, handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

City of Post Falls Organizational Chart



CITY OF POST FALLS, IDAHO

Listing of City Officials

As of September 30, 2010

Elected Officials



Mayor and City Council

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

ELECTED OFFICIALS			
NAME	OFFICE	OCCUPATION	TERM EXPIRES
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
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		

Financial Section



Above: A view of the Avista Dam and Falls in the Spring and Winter



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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of
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, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City of Post Falls' nonmajor governmental funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the City of Post Falls' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Post Falls Urban Renewal Agency discretely presented component unit, which represents 100 percent of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Post Falls Urban Renewal Agency's governmental activities, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously 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 as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City of Post Falls, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the debt service and special revenue funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 14 through 26 and 61, 65 through 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



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Count On Us To Care

INDEPENDENT AUDITORS' REPORT (CONCLUDED)

We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Post Falls financial statements as a whole. 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 financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Magnuson, McHugh & Company

Magnuson, McHugh & Company, P.A.

Coeur d'Alene, Idaho
February 21, 2011

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, 2010. 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 \$159,965,348 (net assets).
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$7,151,378, or 47 percent of total general fund expenditures.
- The governments net assets increased by \$6,989,465. 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 \$116,214 (1.3 percent) and operating expenses increased by \$358,221 (6.2 percent). These increases are due to a combination of increases in operating costs and a small increase in the customer rates (less than 2% average).
- The City performed a budget amendment mid-year to allow for the use of prior year unallocated funds and to receipt several grants and unanticipated revenues. The amendment totaled \$1.4 million.
- During the current fiscal year, City of Post Falls' debt had a net decrease of \$971,185 (including compensated absences). This was primarily due to normal annual debt payments. Compensated absences was the only debt having a net increase (\$295,751).
- 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 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 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 60 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds may be found on pages 62 to 63 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 ended September 30, 2010.

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 \$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.

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	
	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	<u>55,187,752</u>	<u>54,104,437</u>	<u>77,323,372</u>	<u>69,855,055</u>	<u>132,511,124</u>	<u>123,959,492</u>
Total assets	<u>73,008,542</u>	<u>69,680,386</u>	<u>107,176,152</u>	<u>104,512,831</u>	<u>180,184,694</u>	<u>174,193,217</u>
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	<u>1,834,572</u>	<u>1,480,750</u>	<u>1,178,452</u>	<u>1,559,077</u>	<u>3,013,024</u>	<u>3,039,827</u>
Total liabilities	<u>9,105,800</u>	<u>8,825,214</u>	<u>11,113,546</u>	<u>12,392,120</u>	<u>20,219,346</u>	<u>21,217,334</u>
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	<u>7,861,579</u>	<u>9,981,735</u>	<u>15,594,800</u>	<u>21,457,902</u>	<u>23,456,379</u>	<u>31,439,637</u>
Total net assets	<u>\$63,902,742</u>	<u>\$60,855,172</u>	<u>\$96,062,606</u>	<u>\$92,120,711</u>	<u>\$159,965,348</u>	<u>\$152,975,883</u>

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 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 \$3,047,570 and business-type activities increased net assets by \$3,941,895.

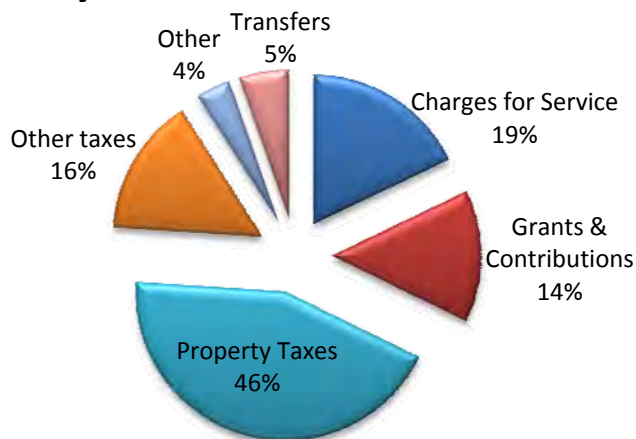
The City's direct charges to users of governmental services made up \$3,624,166 or 18.9 percent of total governmental revenue. These charges are for park rentals, recreation classes, building permits and other fees related to public safety and administration. Public safety which includes police, domestic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

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

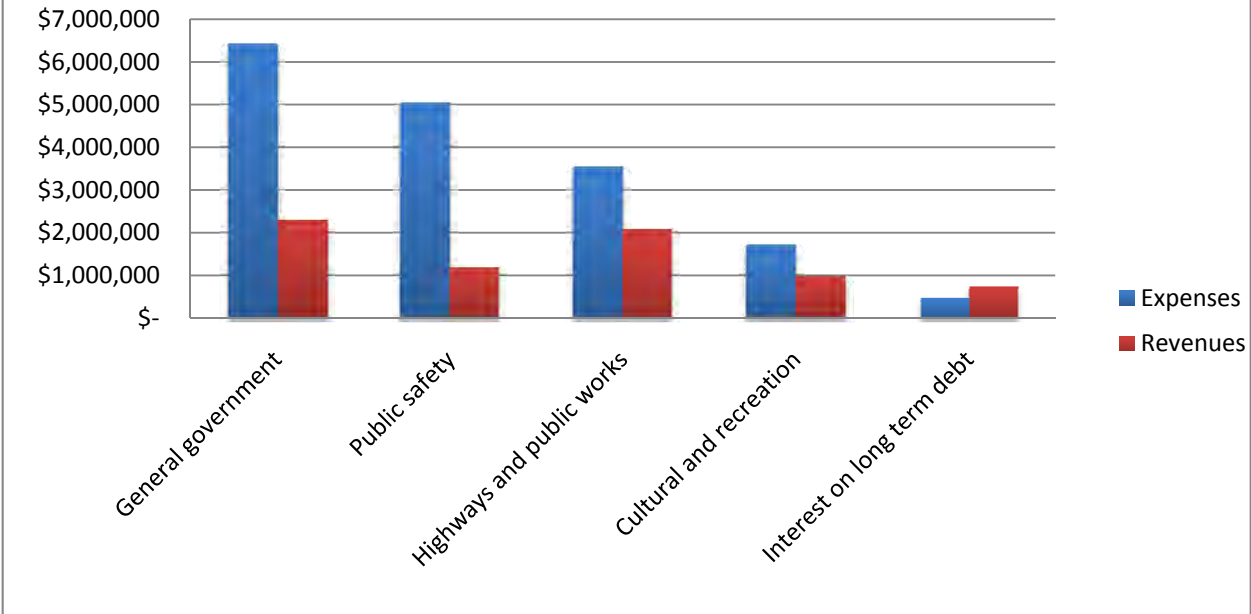
City of Post Falls' Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues:						
Charges for services	\$3,624,166	\$3,646,773	\$9,016,091	\$8,899,877	\$12,640,257	\$12,546,650
Operating grants and contributions	1,595,061	1,253,066			1,595,061	1,253,066
Capital grants and contributions	1,310,061	2,059,783	1,659,308	2,477,679	2,969,369	4,537,462
General revenues:						
Property taxes	8,876,092	8,705,541			8,876,092	8,705,541
Other taxes	3,028,031	3,060,788			3,028,031	3,060,788
Other	753,527	349,971	879,491	544,850	1,633,018	894,821
Total revenues	\$19,186,938	\$19,075,922	\$11,554,890	\$11,922,406	\$30,741,828	\$30,998,328
EXPENSES						
General government	\$6,425,994	\$6,075,916			\$6,425,994	\$6,075,916
Public safety	5,059,738	4,763,989			5,059,738	4,763,989
Highway and public works	3,550,658	3,348,343			3,550,658	3,348,343
Culture and recreation	1,728,016	1,738,374			1,728,016	1,738,374
Interest on long-term debt	453,861	481,634			453,861	481,634
Water			\$1,528,147	\$1,507,373	1,528,147	1,507,373
Sewer			3,472,086	3,198,146	3,472,086	3,198,146
Sanitation			1,533,863	1,543,693	1,533,863	1,543,693
Total expenses	\$17,218,267	\$16,408,256	\$6,534,096	\$6,249,212	\$23,752,363	\$22,657,468
INCREASE IN NET ASSETS BEFORE TRANSFERS	1,968,671	2,667,666	5,020,794	5,673,194	6,989,465	8,340,860
TRANSFERS IN (OUT)	1,078,899	1,043,759	(1,078,899)	(1,043,759)		
INCREASE IN NET ASSETS	3,047,570	3,711,425	3,941,895	4,629,435	6,989,465	8,340,860
NET ASSETS beginning	60,855,172	57,143,747	92,120,711	87,491,276	152,975,883	144,635,023
NET ASSETS ending	\$63,902,742	\$60,855,172	\$96,062,606	\$92,120,711	\$159,965,348	\$152,975,883

Revenue 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 (46 percent) with charges for services following at (19 percent).
- When all taxes are added together, they make up 62 percent of the budget.
- When revenues are compared to expenses, it shows that none of the City of Post Falls’ 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 each year.

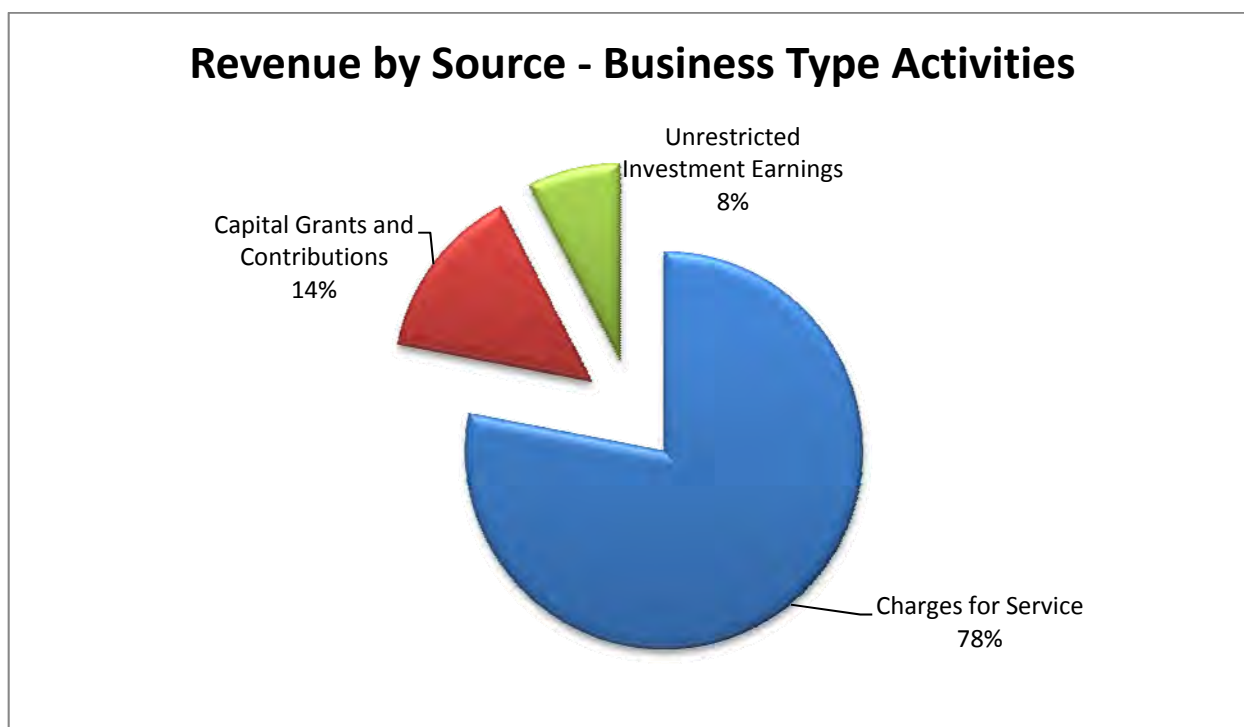
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. The only major transactions during the year were a force main extension in sewer and the ground breaking for a new city hall in the capital fund. No significant losses or revenues were received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

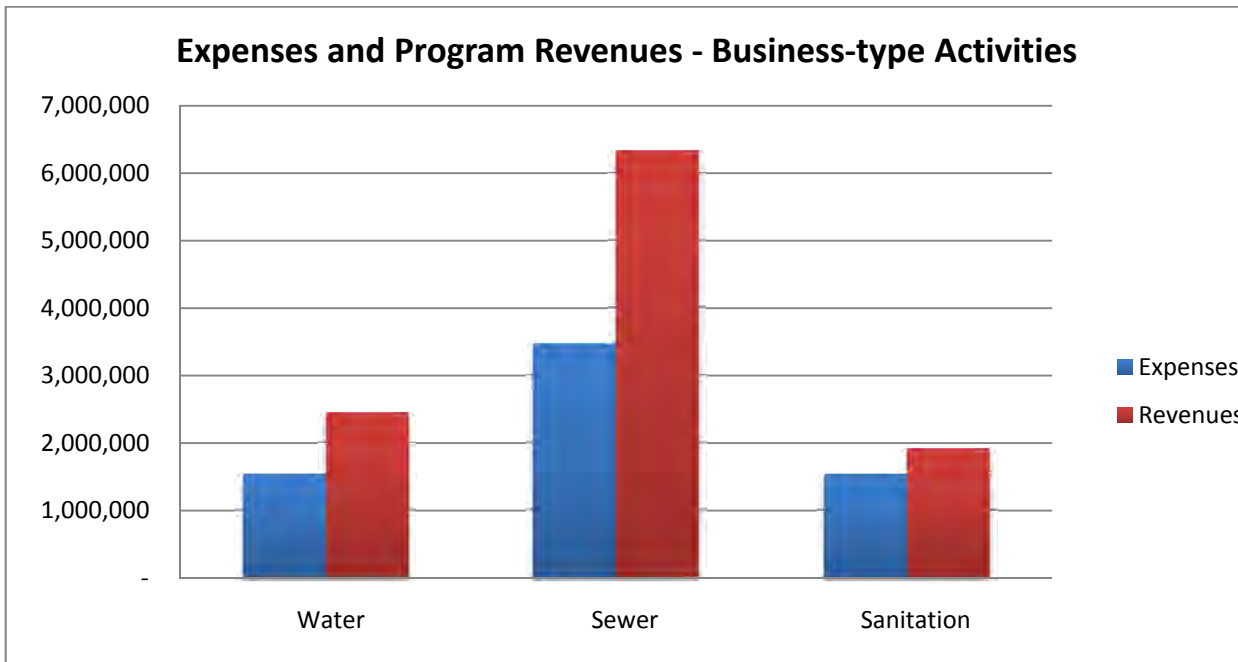
Major funds in the City are general fund, LID 2004-1 and the capital fund. Significant transactions within the general fund this year mainly consisted of repayment of debt and payment of personnel has been steadily increasing with the aggressive market in the Pacific Northwest and since health insurance 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 11 budget. Last, the capital fund has a large cash balance that is primarily made up of money that is being saved for future capital projects such as a park acquisition, park improvements and future road construction.

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





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

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 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 \$14,060,243, an increase of \$2,046,062 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 \$385,711 of reserved dollars, \$3,774,399 of designated dollars and the balance of \$9,900,133 is unreserved and undesignated, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the City of Post Falls. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$7,151,378, 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.

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 \$697,888. This balance is due to prepayments on the LID. The Capital Fund has a reserved fund balance of \$351,934. This is reserve set by debt service requirements. The Capital Fund has an unreserved fund balance of \$1,911,708. 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 \$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).

General Fund Budgetary Highlights

One budget amendment was performed during the current fiscal year. This amendment increased the budget by a total of \$1,439,342. General Fund revenues ended the fiscal year with a total positive variance of 2.0 percent. Expenditures ended the fiscal year with a total positive variance of 11.0 percent. The major variance in revenues was due to increased earnings in interest and an increase in grant revenues. The variance in expenditures was due to a combination of numerous small savings in the general government area along with an unexpended fund balance carryover to FY 11. 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, 2010 amounts to \$132,511,124 (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 6.9 percent (a 2.0 percent increase for governmental activities and a 10.7 percent increase for business-type activities).

City of Post Falls' Capital Assets

(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$5,223,404	\$5,223,404	\$12,439,674	\$12,439,674	\$17,663,078	\$17,663,078
Buildings & Imp.	15,142,230	15,501,137			15,142,230	15,501,137
Machinery & Equip.	2,780,578	2,688,479	425,367	423,591	3,205,945	3,112,070
Infrastructure	31,144,131	30,174,349			31,144,131	30,174,349
Wells			1,427,082	1,497,939	1,427,082	1,497,939
Water System			16,032,030	15,851,951	16,032,030	15,851,951
Sewer System			33,107,609	33,456,773	33,107,609	33,456,773
C.I.P.	897,409	517,068	13,891,610	6,185,127	14,789,019	6,702,195
Total	<u>\$55,187,752</u>	<u>\$54,104,437</u>	<u>\$77,323,372</u>	<u>\$69,855,055</u>	<u>\$132,511,124</u>	<u>\$123,959,492</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 equipment for Public Safety through the use of federal grants to help keep the community safe.

Additional information on the City of Post Falls' capital assets can be found in note 4 on pages 44 to 45 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 \$12,556,641. Of this amount, \$525,000 is comprised of debt backed by the full faith and credit of the government and \$2,170,000 is a 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 (\$1,166,940), water (\$29,482) and sewer (\$43,971).

<u>Debt Type</u>	<u>2010 Balance</u>	<u>2009 Balance</u>
General Obligation Bonds:	\$ 525,000	\$ 685,000
Sewer Revenue Bonds:	7,104,115	7,803,754
Water – DEQ Loan:	2,757,526	2,892,350
Special Assessment Bonds:	2,170,000	2,230,000
Leases:	3,409,288	3,621,761
Compensated Absences:	<u>1,240,393</u>	<u>944,642</u>
	\$17,206,322	<u>\$18,177,507</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 \$47,622,831 on September 30, 2010. The City's general obligation bond above is subject to this limit. Therefore, \$46,937,831 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 46 to 51 of this report.

Economic Factors and Next Year's Budgets and Rates

- Unemployment in Kootenai County has spiked this year. The current rate for 2010 was 10.8% while the labor force pool decreased to 72,282, down about 1,662 in the last year. This figure does not include underemployed which is estimated at 9.9%. The prior year reflected only a 10.6% 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 3.3% in the City and 1.7% in Kootenai County while the State increased by 1.2% overall. Since 2000, the City has increased by 54.2%, while the County has increased by 28.3%, the State has increased by 19.5%, and the USA has increased by 8.0%. As you can see, this year's number is very minimal and FY11 is anticipating a small increase also.
- Building permits issued in the City of Post Falls have dropped considerably over the last three years. In the next year, this same low level is anticipated.
- The number of utility accounts has continued to increase 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 2010 reported fiscal year and the upcoming 2011 fiscal year.

Budget Highlights for Fiscal Year 2010-2011

Governmental Activities. During the current fiscal year, undesignated fund balance in the general fund decreased to \$7,151,378. A major portion of this decrease was from the reallocation . The City of Post Falls has appropriated a portion of this amount for spending in the 2011 fiscal year budget. The remaining balance will be reserved during fiscal year 2011 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 2011 budget year. Sanitation rates were increased by 4.0% 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 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, 2010**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Post Falls Urban Renewal Agency
Assets				
Cash and cash equivalents	\$ 4,359,701	\$ 4,012,896	\$ 8,372,597	\$ 2,896,662
Investments	11,793,098	10,165,039	21,958,137	1,482,448
Receivables				
Accounts	127,280	1,127,088	1,254,368	616,862
Taxes	642,363		642,363	
Miscellaneous	929,131		929,131	
Special assessments	1,607,055		1,607,055	
Internal Balances	(2,856,708)	2,856,708		
Inventories	1,513		1,513	
Restricted cash, customer deposits		127,960	127,960	
Accrued interest	170,809	182,072	352,881	7,432
Prepaid items				2,106
Restricted cash	1,046,548	11,381,017	12,427,565	
Capital assets, net of depreciation:				
Land	5,223,404	12,439,674	17,663,078	
Buildings	15,142,230	3,963,318	19,105,548	
Machinery and equipment	2,780,578	425,367	3,205,945	1,975
Other improvements		46,603,403	46,603,403	
Infrastructure	31,144,131		31,144,131	
Construction in progress	897,409	13,891,610	14,789,019	
Total Assets	<u>73,008,542</u>	<u>107,176,152</u>	<u>180,184,694</u>	<u>5,007,485</u>
Liabilities				
Accounts payable	614,030	904,367	1,518,397	51,010
Accrued payroll	343,905	35,711	379,616	
Contracts payable				4,098
Bond interest payable	89,655	110,414	200,069	2,054
Restricted customer deposits	786,982	127,960	914,942	
Noncurrent liabilities				
Due within one year	1,128,674	897,523	2,026,197	49,800
Due in more than one year	6,142,554	9,037,571	15,180,125	224,100
Total Liabilities	<u>9,105,800</u>	<u>11,113,546</u>	<u>20,219,346</u>	<u>331,062</u>
Net Assets				
Invested in capital assets, net of related debt	49,083,464	67,461,731	116,545,195	1,975
Restricted for:				
Library and art activities	33,777		33,777	
Debt service	1,237,815	2,098,947	3,336,762	
Capital improvements	5,686,107	10,907,128	16,593,235	4,343,975
Unrestricted	7,861,579	15,594,800	23,456,379	330,473
Total Net Assets	<u>\$ 63,902,742</u>	<u>\$ 96,062,606</u>	<u>\$ 159,965,348</u>	<u>\$ 4,676,423</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, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Post Falls Urban Renewal Agency
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 6,425,994	\$ 1,351,455	\$ 956,199		\$ (4,118,340)		\$ (4,118,340)	\$ (1,932,831)
Public safety	5,059,738	785,143	254,958	\$ 144,303	(3,875,334)		(3,875,334)	
Highways and public works	3,550,658	640,930	320,281	1,115,758	(1,473,689)		(1,473,689)	
Culture and recreation	1,728,016	846,638	63,623	50,000	(767,755)		(767,755)	
Interest on long-term debt	453,861				(453,861)		(453,861)	(13,741)
Total governmental activities	<u>17,218,267</u>	<u>3,624,166</u>	<u>1,595,061</u>	<u>1,310,061</u>	<u>(10,688,979)</u>		<u>(10,688,979)</u>	<u>(1,946,572)</u>
Business-type activities:								
Water	1,528,147	2,143,358		293,232		\$ 908,443	908,443	
Sewer	3,472,086	4,963,818		1,366,076		2,857,808	2,857,808	
Sanitation	1,533,863	1,908,915				375,052	375,052	
Total business-type activities	<u>6,534,096</u>	<u>9,016,091</u>		<u>1,659,308</u>		<u>4,141,303</u>	<u>4,141,303</u>	
Total government	<u>\$ 23,752,363</u>	<u>\$ 12,640,257</u>	<u>\$ 1,595,061</u>	<u>\$ 2,969,369</u>	<u>(10,688,979)</u>	<u>4,141,303</u>	<u>(6,547,676)</u>	<u>(1,946,572)</u>
General revenues:								
Property taxes					8,876,092		8,876,092	4,172,827
Sales taxes					1,186,962		1,186,962	
Motor fuel taxes					1,175,615		1,175,615	
Alcoholic beverage taxes					665,454		665,454	
Unrestricted investment earnings					732,368	879,491	1,611,859	41,133
Gains (losses) on disposal of capital assets					21,159		21,159	
Transfers					1,078,899	(1,078,899)		
Total general revenues and transfers					<u>13,736,549</u>	<u>(199,408)</u>	<u>13,537,141</u>	<u>4,213,960</u>
Change in net assets					3,047,570	3,941,895	6,989,465	2,267,388
Net Assets - beginning					60,855,172	92,120,711	152,975,883	2,409,035
Net Assets - ending					<u>\$ 63,902,742</u>	<u>\$ 96,062,606</u>	<u>\$ 159,965,348</u>	<u>\$ 4,676,423</u>

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

**City of Post Falls
Balance Sheet
Governmental Funds
September 30, 2010**

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2010
Assets					
Cash on hand and cash equivalents	\$ 2,066,522	\$ 427,660	\$ 1,343,434	\$ 522,085	\$ 4,359,701
Investments	7,962,910		3,830,188		11,793,098
Accounts receivable:					
Property taxes - current	242,763				242,763
- delinquent	399,600				399,600
Loans receivable				8,975	8,975
Miscellaneous	887,806	28,952		3,398	920,156
Customers	1,507		45,697	80,076	127,280
Inventories	1,513				1,513
Special assessments - deferred		1,535,723		71,332	1,607,055
Interfund receivables	782,165				782,165
Accrued interest	103,778		67,031		170,809
Restricted current assets:					
Cash and cash equivalents	453,338	241,276	351,934		1,046,548
Total assets and other debits	<u>\$12,901,902</u>	<u>\$2,233,611</u>	<u>\$ 5,638,284</u>	<u>\$ 685,866</u>	<u>\$21,459,663</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 458,117		\$ 77,558	\$ 78,355	\$ 614,030
Interfund payables			3,253,284	385,589	3,638,873
Accrued payroll and fringe benefits	343,905				343,905
Deferred revenue	399,600	1,535,723		80,307	2,015,630
Restricted customer deposits	740,726		43,800	2,456	786,982
Total liabilities	<u>1,942,348</u>	<u>1,535,723</u>	<u>3,374,642</u>	<u>546,707</u>	<u>7,399,420</u>
Fund balances:					
Reserved for:					
Library and art activities	33,777				33,777
Debt			351,934		351,934
Unreserved:					
Designated for improvements	3,774,399				3,774,399
General fund	7,151,378				7,151,378
Special Revenue funds				(48,834)	(48,834)
Debt Service funds		697,888		187,993	885,881
Capital Fund			1,911,708		1,911,708
Total fund balances	<u>10,959,554</u>	<u>697,888</u>	<u>2,263,642</u>	<u>139,159</u>	<u>14,060,243</u>
Total liabilities and fund balances	<u>\$12,901,902</u>	<u>\$2,233,611</u>	<u>\$ 5,638,284</u>	<u>\$ 685,866</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.	55,187,752
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,015,630
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(7,360,883)
Net assets of governmental activities:	<u>\$63,902,742</u>

City of Post Falls
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2010

	General Fund	Debt Service LID 2004-1 Fund	Capital Fund	Other Governmental Funds	Totals Government Funds 2010
Revenues:					
Taxes	\$ 9,260,823				\$ 9,260,823
Intergovernmental	4,273,710		\$ 509,930		4,783,640
Charges for services	1,670,552		1,072,133	\$ 404,806	3,147,491
Other revenue	293,514		9,257	330,724	633,495
Special assessment revenue		\$ 160,615		5,852	166,467
Interest	424,322	102,834	199,884	5,328	732,368
Total revenues	<u>15,922,921</u>	<u>263,449</u>	<u>1,791,204</u>	<u>746,710</u>	<u>18,724,284</u>
Expenditures:					
Current:					
General government	5,545,545	20,500		1,871	5,567,916
Public safety	4,573,078			170,218	4,743,296
Highways and public works	2,236,335			415,464	2,651,799
Culture and recreation	1,566,548			21,955	1,588,503
Capital outlay	614,527		1,481,537	235,078	2,331,142
Debt service:					
Principal	413,451	45,000		15,000	473,451
Interest	202,467	100,375	110,202	28,948	441,992
Total expenditures	<u>15,151,951</u>	<u>165,875</u>	<u>1,591,739</u>	<u>888,534</u>	<u>17,798,099</u>
Excess (deficiency) of revenues over expenditures	<u>770,970</u>	<u>97,574</u>	<u>199,465</u>	<u>(141,824)</u>	<u>926,185</u>
Other financing sources (uses):					
Issuance of debt	40,978				40,978
Transfers in	1,244,819		375,000	42,427	1,662,246
Transfers out	(462,033)		(109,461)	(11,853)	(583,347)
Total other financing sources (uses)	<u>823,764</u>		<u>265,539</u>	<u>30,574</u>	<u>1,119,877</u>
Net change in fund balance	1,594,734	97,574	465,004	(111,250)	2,046,062
Fund balances, Beginning	<u>9,364,820</u>	<u>600,314</u>	<u>1,798,638</u>	<u>250,409</u>	<u>12,014,181</u>
Fund balances, Ending	<u>\$10,959,554</u>	<u>\$ 697,888</u>	<u>\$ 2,263,642</u>	<u>\$ 139,159</u>	<u>\$ 14,060,243</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, 2010

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

Net change in fund balances - total governmental funds	\$ 2,046,062
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.	477,487
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	605,828
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(143,174)
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>61,367</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 3,047,570</u></u>

City of Post Falls
Statement of Net Assets
Proprietary Funds
September 30, 2010

	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	\$ 312,564	\$ 749,386	\$ 2,964,696	\$ 3,924,522	\$ 735,636	\$ 579,242	\$ 4,012,896
Investments	2,626,825	2,537,511	7,538,214	13,093,558			10,165,039
Utility receivables, net	406,314	410,677	527,543	510,232	193,231	189,749	1,127,088
Restricted cash, customer deposits	127,960	127,143					127,960
Accrued interest	45,971		125,465				171,436
Due from other funds	636,183	686,612	2,220,525	2,350,257			2,856,708
Total current assets	<u>4,155,817</u>	<u>4,511,329</u>	<u>13,376,443</u>	<u>19,878,569</u>	<u>928,867</u>	<u>768,991</u>	<u>18,461,127</u>
Non-current assets:							
Restricted cash	5,571,006	5,063,816	5,810,011	4,432,481			11,381,017
Restricted accrued interest	4,090	898	6,546	1,692			10,636
Bond issuance cost, net							
Total restricted assets	<u>5,575,096</u>	<u>5,064,714</u>	<u>5,816,557</u>	<u>4,434,173</u>			<u>11,391,653</u>
Capital assets:							
Land	54,555	54,555	12,385,119	12,385,119			12,439,674
Wells	2,375,111	2,375,111					2,375,111
Water system	20,566,065	19,971,706					20,566,065
Equipment	712,183	634,996	1,082,953	1,082,953			1,795,136
Sewer system			48,138,465	47,427,177			48,138,465
Construction in progress	408,672	173,929	13,482,938	6,011,198			13,891,610
Less accumulated depreciation	(5,916,798)	(5,382,693)	(15,965,891)	(14,878,996)			(21,882,689)
Total capital assets (net of accumulated depreciation)	<u>18,199,788</u>	<u>17,827,604</u>	<u>59,123,584</u>	<u>52,027,451</u>			<u>77,323,372</u>
Total non-current assets	<u>23,774,884</u>	<u>22,892,318</u>	<u>64,940,141</u>	<u>56,461,624</u>			<u>88,715,025</u>
Total Assets	<u>27,930,701</u>	<u>27,403,647</u>	<u>78,316,584</u>	<u>76,340,193</u>	<u>928,867</u>	<u>768,991</u>	<u>107,176,152</u>
Liabilities							
Current liabilities:							
Accounts payable	102,057	111,631	670,591	996,630	131,719	127,776	904,367
Accrued payroll	12,665	11,687	23,046	20,837			35,711
Bond interest payable	51,704	54,231	58,710	109,142			110,414
Compensated absences - current maturity	16,510	33,688	27,702	48,372			44,212
Customer deposits payable	127,960	127,143					127,960
Bond payable - current maturity	139,927	134,824	713,384	699,639			853,311
Total current liabilities	<u>450,823</u>	<u>473,204</u>	<u>1,493,433</u>	<u>1,874,620</u>	<u>131,719</u>	<u>127,776</u>	<u>2,075,975</u>
Noncurrent liabilities:							
Compensated absences	12,972	26,470	16,269	28,409			29,241
Bonds payable	2,617,599	2,757,526	6,390,731	7,104,115			9,008,330
Total noncurrent liabilities	<u>2,630,571</u>	<u>2,783,996</u>	<u>6,407,000</u>	<u>7,132,524</u>			<u>9,037,571</u>
Total Liabilities	<u>3,081,394</u>	<u>3,257,200</u>	<u>7,900,433</u>	<u>9,007,144</u>	<u>131,719</u>	<u>127,776</u>	<u>11,113,546</u>
Net Assets							
Invested in capital assets, net of related debt	15,442,262	14,935,254	52,019,469	44,388,985			67,461,731
Restricted for:							
Replacement	4,117,445	3,618,922	6,789,683	5,460,714			10,907,128
Bond Retirement	1,144,457	1,141,567	954,490	1,117,367			2,098,947
Unrestricted	4,145,143	4,450,704	10,652,509	16,365,983	797,148	641,215	15,594,800
Total Net Assets	<u>\$ 24,849,307</u>	<u>\$ 24,146,447</u>	<u>\$ 70,416,151</u>	<u>\$ 67,333,049</u>	<u>\$ 797,148</u>	<u>\$ 641,215</u>	<u>\$ 96,062,606</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, 2010

	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	\$ 1,962,744	\$ 2,100,314	\$ 4,826,106	\$ 4,632,547	\$ 1,867,055	\$ 1,875,579	\$ 8,655,905
Hookups and connections	6,874	2,579					6,874
Other revenues	173,740	158,582	137,712	84,379	41,860	45,897	353,312
Total operating revenues	<u>2,143,358</u>	<u>2,261,475</u>	<u>4,963,818</u>	<u>4,716,926</u>	<u>1,908,915</u>	<u>1,921,476</u>	<u>9,016,091</u>
Operating Expenses:							
Salaries and benefits	440,128	412,871	779,757	746,887			1,219,885
Administrative and supplies	430,395	451,946	1,355,754	1,108,373	1,533,863	1,543,693	3,320,012
Depreciation	552,941	532,864	1,086,895	1,024,878			1,639,836
Total operating expenses	<u>1,423,464</u>	<u>1,397,681</u>	<u>3,222,406</u>	<u>2,880,138</u>	<u>1,533,863</u>	<u>1,543,693</u>	<u>6,179,733</u>
Operating income	<u>719,894</u>	<u>863,794</u>	<u>1,741,412</u>	<u>1,836,788</u>	<u>375,052</u>	<u>377,783</u>	<u>2,836,358</u>
Nonoperating revenues (expenses):							
Intergovernmental							
Investment income	201,376	133,395	677,202	407,554	913	3,901	879,491
Interest expense	(104,683)	(109,692)	(249,680)	(317,112)			(354,363)
Loss on sale of capital assets				(152)			
Amortization of refunding costs				(744)			
Total nonoperating revenues (expenses)	<u>96,693</u>	<u>23,703</u>	<u>427,522</u>	<u>89,546</u>	<u>913</u>	<u>3,901</u>	<u>525,128</u>
Income before contributions and transfers	<u>816,587</u>	<u>887,497</u>	<u>2,168,934</u>	<u>1,926,334</u>	<u>375,965</u>	<u>381,684</u>	<u>3,361,486</u>
Capital Contributions - cap fees and other	293,232	315,298	1,366,076	2,162,381			1,659,308
Transfers in			79,920	79,920			79,920
Transfers out	(406,959)	(399,710)	(531,828)	(510,623)	(220,032)	(213,346)	(1,158,819)
Changes in net assets	<u>702,860</u>	<u>803,085</u>	<u>3,083,102</u>	<u>3,658,012</u>	<u>155,933</u>	<u>168,338</u>	<u>3,941,895</u>
Total net assets - beginning	<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>
Total net assets - ending	<u>\$ 24,849,307</u>	<u>\$ 24,146,447</u>	<u>\$ 70,416,151</u>	<u>\$ 67,333,049</u>	<u>\$ 797,148</u>	<u>\$ 641,215</u>	<u>\$ 96,062,606</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, 2010

	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	\$ 2,148,538	\$ 2,232,484	\$ 4,946,507	\$ 4,774,268	\$ 1,905,433	\$ 1,930,469	\$ 9,000,478
Payments to suppliers	(439,969)	(369,067)	(1,681,793)	(512,547)	(1,529,920)	(1,533,946)	(3,651,682)
Payments to employees	(469,826)	(405,127)	(810,358)	(735,503)			(1,280,184)
Net cash provided by operating activities	<u>1,238,743</u>	<u>1,458,290</u>	<u>2,454,356</u>	<u>3,526,218</u>	<u>375,513</u>	<u>396,523</u>	<u>4,068,612</u>
Cash Flows from Non-capital Financing Activities							
Operating subsidies and transfers to other funds	(406,959)	(399,710)	(531,828)	(510,623)	(220,032)	(213,346)	(1,158,819)
Advances from other funds	50,429	48,327	209,652	198,274			260,081
Net cash (used) by non-capital financing activities	<u>(356,530)</u>	<u>(351,383)</u>	<u>(322,176)</u>	<u>(312,349)</u>	<u>(220,032)</u>	<u>(213,346)</u>	<u>(898,738)</u>
Cash Flows from Capital and Related Financing Activities							
Capital Contributions	114,433	76,023	1,155,804	1,903,501			1,270,237
Principal payments on capital debt	(134,824)	(129,906)	(699,639)	(794,285)			(834,463)
Interest payments on capital debt	(107,210)	(112,128)	(300,112)	(327,212)			(407,322)
Purchase of capital assets	(746,326)	(299,749)	(7,972,756)	(3,805,340)			(8,719,082)
Net cash provided (used) by capital and related financing activities	<u>(873,927)</u>	<u>(465,760)</u>	<u>(7,816,703)</u>	<u>(3,023,336)</u>			<u>(8,690,630)</u>
Cash Flows from Investing Activities							
Interest received on investments	152,213	145,458	546,883	437,524	913	4,351	700,009
Net cash provided by investing activities	<u>152,213</u>	<u>145,458</u>	<u>546,883</u>	<u>437,524</u>	<u>913</u>	<u>4,351</u>	<u>700,009</u>
Net increase (decrease) in cash and cash equivalents	160,499	786,605	(5,137,640)	628,057	156,394	187,528	(4,820,747)
Cash and cash equivalents, beginning	<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>
Cash and cash equivalents, ending	<u>\$ 8,638,355</u>	<u>\$ 8,477,856</u>	<u>\$ 16,312,921</u>	<u>\$ 21,450,561</u>	<u>\$ 735,636</u>	<u>\$ 579,242</u>	<u>\$ 25,686,912</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:							
Operating income	\$ 719,894	\$ 863,794	\$ 1,741,412	\$ 1,836,788	\$ 375,052	\$ 377,783	\$ 2,836,358
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation	552,941	532,864	1,086,895	1,024,878			1,639,836
Changes in assets and liabilities:							
Accounts receivable	4,363	(38,141)	(17,311)	57,342	(3,482)	8,993	(16,430)
Accounts payable	(9,574)	82,879	(326,039)	595,826	3,943	9,747	(331,670)
Accrued payroll	(29,698)	7,744	(30,601)	11,384			(60,299)
Customer deposits	817	9,150					817
Total adjustments	<u>\$ 1,238,743</u>	<u>\$ 1,458,290</u>	<u>\$ 2,454,356</u>	<u>\$ 3,526,218</u>	<u>\$ 375,513</u>	<u>\$ 396,523</u>	<u>\$ 4,068,612</u>
Noncash investing, capital, and financing activities:							
Contributions of capital assets	<u>\$ 178,799</u>	<u>\$ 239,275</u>	<u>\$ 210,272</u>	<u>\$ 258,880</u>			<u>\$ 389,071</u>
Reconciliation of Cash to the Balance Sheet							
Cash and cash equivalents	\$ 312,564	\$ 749,386	\$ 2,964,696	\$ 3,924,522	\$ 735,636	\$ 579,242	\$ 4,012,896
Investments	2,626,825	2,537,511	7,538,214	13,093,558			10,165,039
Restricted cash, customer deposits	127,960	127,143					127,960
Restricted cash	5,571,006	5,063,816	5,810,011	4,432,481			11,381,017
	<u>\$ 8,638,355</u>	<u>\$ 8,477,856</u>	<u>\$ 16,312,921</u>	<u>\$ 21,450,561</u>	<u>\$ 735,636</u>	<u>\$ 579,242</u>	<u>\$ 25,686,912</u>

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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

The accounting methods are 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, 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
201 E 4th Street
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

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

component units. 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.

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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or bond obligations.
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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 revenue the portion of cap fees intended to recover the cost of connecting new customers to the system. Operating expense for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expense 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 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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2010 materially approximates fair value. Investments on hand at September 30, 2010 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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 assets 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:

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

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

	Years
Water Bond refunding costs	16
Sewer Bond issuance costs	20

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2010 are as follows:

Water:	
Gross accounts receivable	\$418,795
Less allowance for doubtful accounts	<u>(12,481)</u>
Accounts receivable, net	<u>\$406,314</u>
Sewer:	
Gross accounts receivable	\$727,291
Less allowance for doubtful accounts	<u>(199,748)</u>
Accounts receivable, net	<u>\$527,543</u>
Sanitation:	
Gross accounts receivable	\$199,052
Less allowance for doubtful accounts	<u>(5,821)</u>
Accounts receivable, net	<u>\$193,231</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 2009-2010 fiscal year was .004955054.

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

Compensated Absences – City employees are entitled to certain compensated absences based on their length of employment. Both current and long-term compensated absences are treated by the basic concepts set by GASB-16. Compensated absences are accrued when vested and reported in the government-wide and proprietary financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2010:

Cash on hand	\$ 1,725
Deposits with financial institutions:	
Demand deposit	223,793
Time certificates of deposit	511,546
Investments	<u>42,149,195</u>
Total	<u>\$42,886,259</u>

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

Cash and Investments	\$30,330,734
Restricted Cash and Investments	<u>12,555,525</u>
Total	<u>\$42,886,259</u>

Deposits

The carrying amount of the City's deposits with financial institutions was \$223,793 and the bank balance was \$82,961. Of the bank balance, \$82,961 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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 2: CASH AND INVESTMENTS (Continued)

The City participates in the Idaho State Treasurer's Local Governmental Investment Pool (LGIP) which is under the administrative control of the Idaho State Treasurer's Office. The LGIP is rated "AAA" by Standard and Poor's. The pool seeks to maintain a constant value of \$1 per share. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value, same as the value of the pool shares, provided by the State Pool for the entire State Pool portfolio.

The investments the City has in the State Investment Pool are carried at cost which approximates fair market value. The city's portion of the State Investment Pool had an unrealized gain of \$26,128 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 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 risk as of September 30, 2010. 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, 2010:

Deferred principal amounts not currently due, but due at future date	<u>\$1,607,055</u>
	<u>\$1,607,055</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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2010, is as follows:

	September 30, 2009	Adjustments			September 30, 2010
	Additions	Transfers	Deletions		
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$5,223,404				\$5,223,404
C.I.P.	517,068	\$817,934	(\$437,593)		897,409
Total capital assets, not being depreciated	5,740,472	817,934	(437,593)	0	6,120,813
Capital assets, being depreciated:					
Buildings and improvements	17,972,988	128,417			18,101,405
Equipment	4,581,224	354,251	\$32,000	(34,027)	4,933,448
Vehicles	2,400,190	314,729	18,836	(38,634)	2,695,121
Infrastructure	33,114,397	1,321,639	405,593		34,841,629
Total capital assets, being depreciated	58,068,799	2,119,036	456,429	(72,661)	60,571,603
Less: accumulated depreciation					
Buildings and improvements	2,471,851	487,324			2,959,175
Equipment	2,636,978	412,330		(34,027)	3,015,281
Vehicles	1,655,957	196,551	18,836	(38,634)	1,832,710
Infrastructure	2,940,048	757,450			3,697,498
Total accumulated depreciation	9,704,834	1,853,655	18,836	(72,661)	11,504,664
Total capital assets being depreciated, net	48,363,965	265,381	437,593	0	49,066,939
Governmental activities capital assets, net	\$54,104,437	\$1,083,315	\$0	\$0	\$55,187,752

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 4: CAPITAL ASSETS (Continued)

	September 30, 2009	Adjustments			September 30, 2010
		Additions	Transfers	Deletions/Misc	
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Capital assets, not being depreciated:					
Land	\$12,439,674				\$12,439,674
C.I.P.	6,185,127	\$8,226,960	(\$520,477)		13,891,610
Total capital assets, not being depreciated	18,624,801	8,226,960	(520,477)	0	26,331,284
Capital assets, being depreciated:					
Wells	2,375,111				2,375,111
Water System	19,971,706	422,394	171,965		20,566,065
Equipment	1,717,949	96,023	(18,836)		1,795,136
Sewer System	47,427,177	362,776	348,512		48,138,465
Total capital assets, being depreciated	71,491,943	881,193	501,641	0	72,874,777
Less: accumulated depreciation					
Wells	877,172	70,857			948,029
Water System	4,119,755	414,280			4,534,035
Equipment	1,294,358	94,247	(18,836)		1,369,769
Sewer System	13,970,404	1,060,452			15,030,856
Total accumulated depreciation	20,261,689	1,639,836	(18,836)	0	21,882,689
Total capital assets being depreciated, net	51,230,254	(758,643)	520,477	0	50,992,088
Business-type activities capital assets, net	\$69,855,055	\$7,468,317	\$0	\$0	\$77,323,372

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

Governmental activities:	
General government	\$ 498,841
Public safety	316,442
Highways and public works	898,859
Culture and recreation	<u>139,513</u>
Total depreciation expense – governmental activities	<u>\$1,853,655</u>
Business-type activities:	
Water	\$ 552,941
Sewer	<u>1,086,895</u>
Total depreciation expense – business-type activities	<u>\$1,639,836</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 5: DEFINED BENEFIT PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) – the PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and require supplementary information. The reports may be obtained from PERSI's website at 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, 2010, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. The City of Post Falls' employer contributions required and paid were \$782,283, \$778,700, and \$732,835 for the three years ended September 30, 2010, 2009 and 2008, 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 of March 1 and September 1, at rates ranging from 4.0% to 6.5%, and annual principal repayments of September 1 in amounts are ranging for \$90,000 in 1999 to \$185,000 in 2013.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 6: LONG-TERM DEBT (Continued)

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

	<u>Year</u> <u>Ending</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
G.O.B.:	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>\$525,000</u>	<u>\$37,293</u>	<u>\$562,293</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.

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 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.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 6: LONG-TERM DEBT (Continued)

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>
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	651,950	162,875	814,825
2016-2020	1,420,000	637,402	2,057,402
2021-2025	1,735,000	324,881	2,059,881
2026-2027	<u>490,000</u>	<u>31,450</u>	<u>521,450</u>
	<u>\$7,104,115</u>	<u>\$2,082,802</u>	<u>\$9,186,917</u>

Water Revenue Bonds

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

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

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2010**

NOTE 6: LONG-TERM DEBT (Continued)

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

WATER REVENUE BONDS:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
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	162,346	79,689	242,035
2016-2020	908,693	301,479	1,210,172
2021-2025	<u>1,094,192</u>	<u>115,981</u>	<u>1,210,173</u>
	<u>\$2,757,526</u>	<u>\$872,990</u>	<u>\$3,630,516</u>

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2010, was as follows:

	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt</u> <u>Service</u>
L.I.D. #99-1:	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>165,000</u>	\$ <u>45,992</u>	\$ <u>210,992</u>
L.I.D. 2004-1:	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	4.65	60,000	88,887	148,887
	5/01/16-20	4.70-4.90	335,000	400,310	735,310
	5/01/21	5.00	<u>1,400,000</u>	<u>70,000</u>	<u>1,470,000</u>
			\$ <u>2,005,000</u>	\$ <u>939,100</u>	\$ <u>2,944,100</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

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, 2010 is \$11,550. As of September 30, 2010, \$67,830 is set-aside in this fund.

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

	<u>Balance</u> <u>10/1/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/10</u>
Compensated absences	\$ 807,703	\$1,466,855	\$1,107,618	\$1,166,940
Capital leases (Note 7)	3,621,761	40,978	253,451	3,409,288
General fund Bonds Payable	685,000		160,000	525,000
Local Imp. Bonds Payable	<u>2,230,000</u>		<u>60,000</u>	<u>2,170,000</u>
	<u>\$7,344,464</u>	<u>\$1,507,833</u>	<u>\$1,581,069</u>	<u>\$7,271,228</u>

	<u>Due in</u> <u>One Year</u>
Compensated absences	\$ 592,222
Capital leases (Note 7)	306,452
General Fund Bonds Payable	165,000
Local Imp. Bond Payable	<u>65,000</u>
	<u>\$1,128,674</u>

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

	<u>Balance</u> <u>10/1/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/10</u>
Compensated absences	\$ 136,939	\$101,335	\$164,821	\$ 73,453
Bonds payable	<u>10,696,104</u>		<u>834,463</u>	<u>9,861,641</u>
	<u>\$10,833,043</u>	<u>\$101,335</u>	<u>\$999,284</u>	<u>\$9,935,094</u>

	<u>Due in</u> <u>One Year</u>
Compensated absences	\$ 44,212
Bonds payable	<u>853,311</u>
	<u>\$897,523</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 7: CAPITAL LEASES

General Fund – The General Fund has entered into 46 equipment leases and 1 building/land lease, which qualify as capital leases, as ownership of the assets transfers to the City at the end of the lease. The leases carry interest ratings 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 \$640,796 with \$86,765 in depreciation booked and the booked asset value of the building/land is \$4,376,279, with \$1,047,287 in depreciation booked, with \$351,934 held in US Government bonds for reserve of the Certificates. All of the capital leases have non-appropriation clauses, which state that if funding is unavailable during the budget process to make the annual required lease payments, then the lease is canceled and the equipment returned to the lending institution.

Future minimum lease payments are as follows:

2011	\$ 468,063
2012	446,405
2013	220,514
2014	218,825
2015	218,825
2016-2020	1,678,920
2021-2022	<u>1,651,320</u>
Future minimum lease payments	4,902,872
Less amounts representing interest	<u>(1,493,584)</u>
	<u>\$3,409,288</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.

Long-Term Debt

Washington Trust Bank – During fiscal year 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 stated rate of 4.53% on the note is adjustable after five years. The adjustment is based on the 5 Year Fixed Federal Home Loan Base Intermediate/Long-Term Bullet Advance rate plus 2.25%. The annual requirements to service the debt are as follows:

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2010**

NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)

<u>Fiscal Year ending September 30,</u>	<u>Rate *</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$273,900</u>	<u>\$35,671</u>	<u>\$309,571</u>

*Rate is subject to change based on criteria listed above.

The changes in long-term debt for the year ending September 30, 2010 are as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Washington Trust Bank	<u>\$323,700</u>	<u>\$_____</u>	<u>\$49,800</u>	<u>\$273,900</u>	<u>\$49,800</u>

Agency Cash and Investments

The Agency maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Agency also holds six certificates of deposit at six different financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of September 30, 2010, the Agency had uninsured balances of \$37,817. The certificates of deposit mature on dates ranging from January 2011 to February 2012.

The State of Idaho Local Government Investment Pool (the Pool) is duly chartered and administered by the State Treasurer's Office. The Pool consists of U.S. Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. Idaho code defines allowable investments. Governmental Accounting Standards Board Statement No. 3 requires the Agency to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. The Pool has not been assigned a risk category since the Agency is not issued securities, but rather it owns an undivided beneficial interest in the assets of the Pool. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body nor are any balances insured by the Federal Deposit Insurance Corporation. Financial reports are available from the Idaho State Treasurer's Office upon request.

Commitments

Greenstone – (Center Point) – During the 2006 fiscal year, the Agency entered into an Owner Participation Agreement with the Greenstone Corporation. Under this agreement, the Agency will

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)

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 Agency, directly resulting from the project improvements made by the Greenstone Corporation are available. 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, \$935,560 was reimbursed in previous fiscal years, and \$262,443 was reimbursed in fiscal year 2010.

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 infrastructure improvements made within the Center Point Urban Renewal District totaling \$762,250. The Agency is only obligated to reimburse Stateline Business Park, LLC if net tax increment revenues of the Agency, directly resulting from the project improvements made by Stateline Business Park LLC are available. 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, \$201,774 was reimbursed in previous fiscal years, and \$371,834 was reimbursed in fiscal year 2010, leaving a balance of \$188,642.

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 requests will be made. The Agency is only obligated to reimburse Watson and Associates if tax increment revenues of the Agency, directly resulting from the project improvements made by Watson and Associates are available. 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, \$515,646 was reimbursed in previous fiscal years and \$231,273 was reimbursed in fiscal year 2010, leaving a balance of \$697,826.

Greenstone – (West Seltice II) – During the 2009 fiscal year, the Agency entered into an Owner Participation Agreement with the Greenstone-Kootenai, Inc. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made within the West Seltice II Urban Renewal District totaling \$1,990,008. The Agency is only obligated to reimburse the Greenstone-Kootenai, Inc. if tax increment revenues of the Agency, directly resulting from the project improvements made by the Greenstone-Kootenai Inc. are available. 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, and \$124,117 was reimbursed in fiscal year 2010, leaving a balance of \$1,684,845.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 8: COMPONENT UNIT DISCLOSURES (Continued)

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 infrastructure improvements made 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 Agency, directly resulting from the project improvements made by Jacklin Land Company are available. 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 reimbursed in fiscal year 2009, and \$628,099 was reimbursed in fiscal year 2010, leaving a balance of \$1,335,577.

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 infrastructure improvements made 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 Agency, directly resulting from the project improvements made by Tullamore Properties, LLC are available. 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, and \$46,279 was reimbursed in fiscal year 2010, leaving a balance of \$2,582,953.

NOTE 9: EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS

The following funds had expenditures in excess of budget:

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>
Debt Service:		
CLID #2	\$ 0	\$ 71
Special Revenue		
Street Lights	305,500	415,464
Special Events	33,730	71,350

The over expenditure in these funds occurred because the budget was not amended during the year to handle the resultant over expenditures. Adequate cash and fund balance was available to handle the additional costs. The reason behind the over expenditures was administrative expenditures for the year were higher than anticipated in the fiscal year for the LID funds. The street lighting fees were increased by the vendors during the fiscal year for the Street Light fund. The Special Events fund included an expenditure to purchase a building that was unanticipated at the beginning of the year.

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2010**

NOTE 10: DEFICIT FUND EQUITY

The following funds had deficit fund equity at September 30, 2010:

<u>Fund</u>	<u>Deficit</u>
Special Revenue: 911 Support	\$321,773

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, parks and street projects. The first and largest project is the wastewater treatment plant upgrade. The City is also completing a lift station upgrade in sewer and a water tie and a water master plan update in water. In parks, the City is upgrading amenities at three parks and rebuilding a boat launch on the river for citizen’s recreation. In streets the City is completing a street widening project and a round-a-bout to help with transportation in the City. All projects should be completed within FY 2011.

The City has also committed to moving its current library services to the Kootenai-Shoshone Area Libraries as of October 1, 2010. This decision was brought about by a vote of the citizens on November 3, 2009. All services and applicable revenues for the library have been moved starting with FY 2011.

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. Although amounts are unknown at this point, management believes that the joint effort lawsuit against DEQ to contest the State of Washington Total Daily Maximum Load requirements. The cities in the Spokane River Watershed are asking for “Declaratory Judgment and Injunctive Relief.” The settlement date for this case is undetermined, but may have a material effect in the future of the City’s operations and required infrastructure if the requirements are upheld. Management does not believe any other actions 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 reimbursement 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.

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2010**

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, 2010, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,244,819	\$ 462,033
Capital Fund	375,000	109,461
Nonmajor Governmental Funds	42,427	11,853
Enterprise Funds	<u>79,920</u>	<u>1,158,819</u>
Totals	<u>\$1,742,166</u>	<u>\$1,742,166</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.

NOTE 14: INTERFUND RECEIVABLES/PAYABLES

The composition of interfund balances as of September 30, 2010 is as follows:

Interfund receivable/payable:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 782,165	
Capital Fund		\$3,253,284
Nonmajor Governmental Funds		385,589
Enterprise Funds	<u>2,856,708</u>	
Totals	<u>\$3,638,873</u>	<u>\$3,638,873</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 14: INTERFUND RECEIVABLES/PAYABLES (Continued)

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 \$165. The exceptions to this are the borrowing from the Enterprise Funds. The 911 Support Fund owes \$18,362 to the Water Fund and \$367,062 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 \$617,821 to the Water Fund, \$1,853,463 to the Sewer Fund and \$782,000 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 Insurance Fund would increase the employee ratings where the use was excessive, causing the rates to increase for the following year. In the past, the City has received refunds on a regular basis. The premiums for this program are budgeted directly through each department.

City of Post Falls

NOTES TO FINANCIAL STATEMENTS September 30, 2010

NOTE 15: RISK MANAGEMENT (Continued)

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 \$7,360,883 difference are as follows:

Bonds payable	\$2,695,000
Accrued interest payable	89,655
Capital leases payable	3,409,288
Compensated absences	<u>1,166,940</u>
Net adjustment to increase fund <i>balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$7,360,883</u>

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 \$477,487 are as follows:

Capital outlay	\$2,331,142
Depreciation	<u>(1,853,655)</u>

City of Post Falls

NOTES TO FINANCIAL STATEMENTS
September 30, 2010

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

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$ 477,487

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 \$605,828 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. \$ -0-

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. 605,828

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$ 605,828

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 \$(143,174) difference are as follows:

Property taxes \$ 27,781
Special Assessment debt issued and repaid (170,955)

Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net assets of governmental activities* \$ (143,174)

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 \$61,367 difference are as follows:

Debt issued or incurred:

City of Post Falls

**NOTES TO FINANCIAL STATEMENTS
September 30, 2010**

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

Compensated absences	(1,466,855)
Principal repayments:	
General obligation debt	160,000
Capital lease financing	253,451
Compensated absences	1,107,618
Special assessment debt	60,000
Accrued interest payable	<u>(11,869)</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>\$ 61,367</u>

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

Governmental Activities:	
Capital assets, net of depreciation	\$55,187,752
General Fund bonds payable	(525,000)
Capital leases payable	(3,409,288)
Local imp. bonds payable	<u>(2,170,000)</u>
Invested in capital assets, net of related debt	<u>\$49,083,464</u>
Business-Type Activities:	
Capital assets, net of depreciation	\$77,323,372
Sewer bonds payable	(7,104,115)
Water bonds payable	<u>(2,757,526)</u>
Invested in capital assets, net of related debt	<u>\$ 67,461,731</u>

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, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
General taxes	\$ 9,383,104	\$ 9,383,104	\$ 9,260,823	\$ (122,281)
Intergovernmental revenue	2,822,334	3,941,390	4,273,710	332,320
Charges for services	1,895,924	1,907,304	1,670,552	(236,752)
Other revenue	218,116	230,479	293,514	63,035
Interest	152,499	152,499	424,322	271,823
Total revenues	<u>14,471,977</u>	<u>15,614,776</u>	<u>15,922,921</u>	<u>308,145</u>
Expenditures				
Current:				
General government	6,275,577	7,054,288	5,545,545	1,508,743
Public safety	4,599,041	4,774,125	4,573,078	201,047
Highways and public works	2,159,564	2,283,314	2,236,335	46,979
Culture and recreation	1,646,945	1,647,776	1,566,548	81,228
Capital outlay	315,326	557,089	614,527	(57,438)
Debt service				
Principal	479,305	479,305	413,451	65,854
Interest	225,118	225,118	202,467	22,651
Total expenditures	<u>15,700,876</u>	<u>17,021,015</u>	<u>15,151,951</u>	<u>1,869,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,228,899)</u>	<u>(1,406,239)</u>	<u>770,970</u>	<u>2,177,209</u>
Other Financing Sources (Uses)				
Proceeds of capital financing	44,000	44,000	40,978	(3,022)
Transfers in	1,244,819	1,244,819	1,244,819	
Transfers (out)	(454,920)	(454,920)	(462,033)	(7,113)
Total other financing sources (uses)	<u>833,899</u>	<u>833,899</u>	<u>823,764</u>	<u>(10,135)</u>
Net changes in fund balance	(395,000)	(572,340)	1,594,734	2,167,074
Fund balances - beginning	<u>9,364,820</u>	<u>9,364,820</u>	<u>9,364,820</u>	
Fund balances - ending	<u>\$ 8,969,820</u>	<u>\$ 8,792,480</u>	<u>\$ 10,959,554</u>	<u>\$ 2,167,074</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, 2010**

	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	\$159,735	\$ 1,313	\$ 1,602	\$ 44,650	\$ 84,728	\$ 30,103	\$ 15,194	\$ 98,071	\$ 18,859				\$ 67,830	\$ 522,085
Accounts receivable:														
Loans receivable		8,975												8,975
Miscellaneous								2,722		\$ 473	\$ 203			3,398
Customers					32,232	46,444	1,400							80,076
Assessments - delinquent - deferred								71,332						71,332
Total assets	<u>\$159,735</u>	<u>\$ 10,288</u>	<u>\$ 1,602</u>	<u>\$ 44,650</u>	<u>\$116,960</u>	<u>\$ 76,547</u>	<u>\$ 16,594</u>	<u>\$ 172,125</u>	<u>\$ 18,859</u>	<u>\$ 473</u>	<u>\$ 203</u>	<u>\$</u>	<u>\$ 67,830</u>	<u>\$ 685,866</u>
Liabilities and Fund balances														
Liabilities:														
Accounts payable	\$ 1,281			\$ 76	\$ 61,299	\$ 12,896	\$ 2,803							\$ 78,355
Interfund payable						385,424				\$ 165				385,589
Deferred revenue		\$ 8,975						\$ 71,332						80,307
Restricted customer deposits							2,456							2,456
Total liabilities	<u>1,281</u>	<u>8,975</u>	<u></u>	<u>76</u>	<u>61,299</u>	<u>398,320</u>	<u>5,259</u>	<u>71,332</u>	<u></u>	<u>165</u>	<u></u>	<u></u>	<u></u>	<u>546,707</u>
Fund balances:														
Undesignated	158,454	1,313	\$ 1,602	44,574	55,661	(321,773)	11,335	100,793	\$ 18,859	308	\$ 203		\$ 67,830	139,159
Total fund balances	<u>158,454</u>	<u>1,313</u>	<u>1,602</u>	<u>44,574</u>	<u>55,661</u>	<u>(321,773)</u>	<u>11,335</u>	<u>100,793</u>	<u>18,859</u>	<u>308</u>	<u>203</u>	<u></u>	<u>67,830</u>	<u>139,159</u>
Total liabilities and fund balances	<u>\$159,735</u>	<u>\$ 10,288</u>	<u>\$ 1,602</u>	<u>\$ 44,650</u>	<u>\$116,960</u>	<u>\$ 76,547</u>	<u>\$ 16,594</u>	<u>\$ 172,125</u>	<u>\$ 18,859</u>	<u>\$ 473</u>	<u>\$ 203</u>	<u>\$</u>	<u>\$ 67,830</u>	<u>\$ 685,866</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, 2010

	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				\$ 27,180	\$313,957	\$ 63,669								\$ 404,806
Other revenue	\$ 22,425			1,852	6,324	276,637	\$ 23,486							330,724
Principal								\$ 5,852						5,852
Interest	209	\$ 2	\$ 2	50	140	98	17	4,695	\$ 25				\$ 90	5,328
Total revenues	<u>22,634</u>	<u>2</u>	<u>2</u>	<u>29,082</u>	<u>320,421</u>	<u>340,404</u>	<u>23,503</u>	<u>10,547</u>	<u>25</u>				<u>90</u>	<u>746,710</u>
Expenditures:														
Current:														
General government								1,800			\$ 71			1,871
Public safety						130,543	39,675							170,218
Highways and public works					415,464									415,464
Culture and recreation	605			21,350										21,955
Capital outlay	6,516			50,000		178,562								235,078
Debt service:														
Principal								15,000						15,000
Interest						19,911		9,037						28,948
Total expenditures	<u>7,121</u>			<u>71,350</u>	<u>415,464</u>	<u>329,016</u>	<u>39,675</u>	<u>25,837</u>			<u>71</u>			<u>888,534</u>
Excess (deficiency) of revenues over expenditures	<u>15,513</u>	<u>2</u>	<u>2</u>	<u>(42,268)</u>	<u>(95,043)</u>	<u>11,388</u>	<u>(16,172)</u>	<u>(15,290)</u>	<u>25</u>		<u>(71)</u>		<u>90</u>	<u>(141,824)</u>
Other financing sources (uses):														
Transfers in				7,113		34,461							853	42,427
Transfers out					(11,000)						(117)	\$ (736)		(11,853)
Total other financing sources (uses)				<u>7,113</u>	<u>(11,000)</u>	<u>34,461</u>					<u>(117)</u>	<u>(736)</u>	<u>853</u>	<u>30,574</u>
Net change in fund balances	<u>15,513</u>	<u>2</u>	<u>2</u>	<u>(35,155)</u>	<u>(106,043)</u>	<u>45,849</u>	<u>(16,172)</u>	<u>(15,290)</u>	<u>25</u>		<u>(188)</u>	<u>(736)</u>	<u>943</u>	<u>(111,250)</u>
Fund balances, beginning	<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>
Fund balances, ending	<u>\$158,454</u>	<u>\$ 1,313</u>	<u>\$ 1,602</u>	<u>\$ 44,574</u>	<u>\$ 55,661</u>	<u>\$(321,773)</u>	<u>\$ 11,335</u>	<u>\$ 100,793</u>	<u>\$ 18,859</u>	<u>\$ 308</u>	<u>\$ 203</u>	<u>\$</u>	<u>\$ 67,830</u>	<u>\$ 139,159</u>

**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, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Principal	\$ 87,000	\$ 87,000	\$ 160,615	\$ 73,615
Interest	125,000	125,000	102,834	(22,166)
Total revenues	<u>212,000</u>	<u>212,000</u>	<u>263,449</u>	<u>51,449</u>
Expenditures				
Current:				
General government	20,500	20,500	20,500	
Capital outlay				
Debt Service				
Principal	45,000	45,000	45,000	
Interest	100,375	100,375	100,375	
Total expenditures	<u>165,875</u>	<u>165,875</u>	<u>165,875</u>	
Excess (deficiency) of revenues over expenditures	<u>46,125</u>	<u>46,125</u>	<u>97,574</u>	<u>51,449</u>
Other Financing Sources (Uses)				
Total other financing sources (uses)				
Net change in fund balance	46,125	46,125	97,574	51,449
Fund balances - beginning	<u>600,314</u>	<u>600,314</u>	<u>600,314</u>	
Fund balances - ending	<u>\$ 646,439</u>	<u>\$ 646,439</u>	<u>\$ 697,888</u>	<u>\$ 51,449</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, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue			\$ 509,930	\$ 509,930
Charges for services	\$ 1,222,900	\$ 1,222,900	1,072,133	(150,767)
Other revenue			9,257	9,257
Interest	33,500	33,500	199,884	166,384
Total revenues	<u>1,256,400</u>	<u>1,256,400</u>	<u>1,791,204</u>	<u>534,804</u>
Expenditures				
Capital outlay	3,346,939	3,346,939	1,481,537	1,865,402
Debt Service				
Principal	264,798	264,798		264,798
Interest	110,202	110,202	110,202	
Total expenditures	<u>3,721,939</u>	<u>3,721,939</u>	<u>1,591,739</u>	<u>2,130,200</u>
Excess (deficiency) of revenues over expenditures	<u>(2,465,539)</u>	<u>(2,465,539)</u>	<u>199,465</u>	<u>2,665,004</u>
Other Financing Sources (Uses)				
Transfers in	375,000	375,000	375,000	
Transfers (out)	(109,461)	(109,461)	(109,461)	
Total other financing sources (uses)	<u>265,539</u>	<u>265,539</u>	<u>265,539</u>	
Net change in fund balance	(2,200,000)	(2,200,000)	465,004	2,665,004
Fund balances - beginning	<u>1,798,638</u>	<u>1,798,638</u>	<u>1,798,638</u>	
Fund balances - ending	<u>\$ (401,362)</u>	<u>\$ (401,362)</u>	<u>\$ 2,263,642</u>	<u>\$ 2,665,004</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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Other revenue	\$ 20,000	\$ 22,425	\$ 2,425
Interest		209	209
Total revenues	<u>20,000</u>	<u>22,634</u>	<u>2,634</u>
Expenditures:			
Culture and recreation	20,000	605	19,395
Capital Outlay		6,516	(6,516)
Total expenditures	<u>20,000</u>	<u>7,121</u>	<u>12,879</u>
Excess (deficiency) of revenues over (under) expenditures		<u>15,513</u>	<u>15,513</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		15,513	15,513
Fund balances, beginning	<u>142,941</u>	<u>142,941</u>	
Fund balances, ending	<u>\$ 142,941</u>	<u>\$ 158,454</u>	<u>\$ 15,513</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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest		\$ 2	\$ 2
Total revenues		2	2
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		2	2
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		2	2
Fund balances, beginning	\$ 1,311	1,311	
Fund balances, ending	\$ 1,311	\$ 1,313	\$ 2

**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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest		\$ 2	\$ 2
Total revenues		<u>2</u>	<u>2</u>
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		<u>2</u>	<u>2</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		2	2
Fund balances, beginning	\$ 1,600	1,600	
Fund balances, ending	<u>\$ 1,600</u>	<u>\$ 1,602</u>	<u>\$ 2</u>

**City of Post Falls
 Special Events Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances-Budget and Actual
 For the fiscal years ended September 30, 2010**

	2010		
	Original/Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Charges-services/programs	\$ 31,980	\$ 27,180	\$ (4,800)
Other revenue	1,750	1,852	102
Interest		50	50
Total revenues	<u>33,730</u>	<u>29,082</u>	<u>(4,648)</u>
Expenditures:			
Culture and recreation	33,730	21,350	12,380
Capital outlay		50,000	(50,000)
Total expenditures	<u>33,730</u>	<u>71,350</u>	<u>(37,620)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(42,268)</u>	<u>(42,268)</u>
Other financing sources (uses):			
Operating transfers in		7,113	7,113
Total other financing sources (uses)		<u>7,113</u>	<u>7,113</u>
Net change in fund balance		(35,155)	(35,155)
Fund balances, beginning	<u>79,729</u>	<u>79,729</u>	
Fund balances, ending	<u>\$ 79,729</u>	<u>\$ 44,574</u>	<u>\$ (35,155)</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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Charges-services/programs	\$ 315,000	\$ 313,957	\$ (1,043)
Other revenue		6,324	6,324
Interest	1,500	140	(1,360)
Total revenues	<u>316,500</u>	<u>320,421</u>	<u>3,921</u>
Expenditures:			
Highways and public works	305,500	415,464	(109,964)
Total expenditures	<u>305,500</u>	<u>415,464</u>	<u>(109,964)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,000</u>	<u>(95,043)</u>	<u>(106,043)</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		(106,043)	(106,043)
Fund balances, beginning	<u>161,704</u>	<u>161,704</u>	
Fund balances, ending	<u>\$ 161,704</u>	<u>\$ 55,661</u>	<u>\$ (106,043)</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, 2010

	2010			Variance with Final Budget- Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues:				
Charges-services/programs	\$ 66,150	\$ 66,150	\$ 63,669	\$ (2,481)
Other revenue	255,095	255,095	276,637	21,542
Interest	3,000	3,000	98	(2,902)
Total revenues	<u>324,245</u>	<u>324,245</u>	<u>340,404</u>	<u>16,159</u>
Expenditures:				
Public safety	157,751	159,478	130,543	28,935
Capital outlay	113,955	200,440	178,562	21,878
Debt service - interest	87,000	87,000	19,911	67,089
Total expenditures	<u>358,706</u>	<u>446,918</u>	<u>329,016</u>	<u>117,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,461)</u>	<u>(122,673)</u>	<u>11,388</u>	<u>134,061</u>
Other financing sources (uses):				
Operating transfers in	34,461	34,461	34,461	
Total other financing sources (uses)	<u>34,461</u>	<u>34,461</u>	<u>34,461</u>	
Net change in fund balance		(88,212)	45,849	134,061
Fund balances, beginning	<u>(367,622)</u>	<u>(367,622)</u>	<u>(367,622)</u>	
Fund balances, ending	<u>\$ (367,622)</u>	<u>\$ (455,834)</u>	<u>\$ (321,773)</u>	<u>\$ 134,061</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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Other revenue	\$ 60,000	\$ 23,486	\$ (36,514)
Interest		17	17
Total revenues	<u>60,000</u>	<u>23,503</u>	<u>(36,497)</u>
Expenditures:			
Public safety	60,000	39,675	20,325
Total expenditures	<u>60,000</u>	<u>39,675</u>	<u>20,325</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(16,172)</u>	<u>(16,172)</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		(16,172)	(16,172)
Fund balances, beginning	<u>27,507</u>	<u>27,507</u>	
Fund balances, ending	<u>\$ 27,507</u>	<u>\$ 11,335</u>	<u>\$ (16,172)</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, 2010

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Principal	\$ 4,700	\$ 5,852	\$ 1,152
Interest	4,500	4,695	195
Total revenues	<u>9,200</u>	<u>10,547</u>	<u>1,347</u>
Expenditures:			
General governmental	1,800	1,800	
Debt service - principal	15,000	15,000	
- interest	9,037	9,037	
Total expenditures	<u>25,837</u>	<u>25,837</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(16,637)</u>	<u>(15,290)</u>	<u>1,347</u>
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance	(16,637)	(15,290)	1,347
Fund balances, beginning	<u>116,083</u>	<u>116,083</u>	
Fund balances, ending	<u>\$ 99,446</u>	<u>\$ 100,793</u>	<u>\$ 1,347</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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Principal			
Interest		\$ 25	\$ 25
Total revenues		25	25
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures		25	25
Other financing sources (uses):			
Total other financing sources (uses)			
Net change in fund balance		25	25
Fund balances, beginning	\$ 18,834	18,834	
Fund balances, ending	\$ 18,834	\$ 18,859	\$ 25

**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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Total revenues			
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures			
Other financing sources:			
Total other financing sources (uses)			
Net change in fund balance			
Fund balances, beginning	\$ 308	\$ 308	
Fund balances, ending	\$ 308	\$ 308	\$

**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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Total revenues			
Expenditures:			
General governmental		\$ 71	\$ (71)
Total expenditures		71	(71)
Excess (deficiency) of revenues over (under) expenditures		(71)	(71)
Other financing sources (uses):			
Operating transfers out		(117)	(117)
Total other financing sources (uses)		(117)	(117)
Net change in fund balance		(188)	(188)
Fund balances, beginning	\$ 391	391	
Fund balances, ending	\$ 391	\$ 203	\$ (188)

**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, 2010**

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Total revenues			
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures			
Other financing sources (uses):			
Operating transfers out		\$ (736)	\$ (736)
Total other financing sources (uses)		(736)	(736)
Net change in fund balance		(736)	(736)
Fund balances, beginning	\$ 736	736	
Fund balances, ending	<u>\$ 736</u>	<u>\$</u>	<u>\$ (736)</u>

City of Post Falls
LID Guarantee Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances-Budget and Actual
For the fiscal years ended September 30, 2010

	2010		Variance with Final Budget- Positive (Negative)
	Original/Final Budget	Actual	
Revenues:			
Interest	\$ 1,500	\$ 90	\$ (1,410)
Total revenues	<u>1,500</u>	<u>90</u>	<u>(1,410)</u>
Expenditures:			
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>1,500</u>	<u>90</u>	<u>(1,410)</u>
Other financing sources (uses):			
Operating transfers in		853	853
Operating transfers out	(1,500)		1,500
Total other financing sources (uses)	<u>(1,500)</u>	<u>853</u>	<u>2,353</u>
Net change in fund balance		943	943
Fund balances, beginning	<u>66,887</u>	<u>66,887</u>	
Fund balances, ending	<u>\$ 66,887</u>	<u>\$ 67,830</u>	<u>\$ 943</u>

Statistical Section



Above: A view of the Avista Bridge and the Spokane River below the Falls in Summer and Winter

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	79-84
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.	85-89
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.	90-96
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.	97-99
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.	100-104

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 49,083,464
Restricted	833,042	734,213	872,546	6,539,791	9,482,313	3,616,343	3,305,761	6,957,699
Unrestricted	4,806,132	7,306,691	10,358,219	8,642,267	6,031,023	8,335,529	9,981,735	7,861,579
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	\$ 63,902,742
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	\$ 67,461,731
Restricted	3,075,936	3,475,869	4,699,749	5,903,678	7,657,572	10,022,627	11,338,570	13,006,075
Unrestricted	11,138,123	14,994,784	18,104,442	21,429,394	21,833,861	21,892,917	21,457,902	15,594,800
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	\$ 96,062,606
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	\$ 116,545,195
Restricted	3,908,978	4,210,082	5,572,295	12,443,469	17,139,885	13,638,970	14,644,331	19,963,774
Unrestricted	15,944,255	22,301,475	28,462,661	30,071,661	27,864,884	30,228,446	31,439,637	23,456,379
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	\$ 159,965,348

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 Eight Fiscal Years
(Accrual-Basis of Accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 6,425,994
Public safety	2,887,150	3,171,924	3,409,806	3,593,961	4,065,252	4,447,348	4,763,989	5,059,738
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	3,550,658
Cultural and recreation	983,357	1,172,659	1,233,832	1,350,230	1,594,522	1,686,824	1,738,374	1,728,016
Interest on long term debt	374,533	325,229	362,559	428,521	434,931	525,919	481,634	453,861
Total governmental activities expenses	9,212,671	10,279,890	13,052,911	12,830,344	14,218,723	15,321,344	16,408,256	17,218,267
Business-type activities:								
Water	914,653	995,763	1,290,046	1,412,346	1,447,266	1,448,401	1,507,373	1,528,147
Sewer	1,898,449	2,224,803	2,358,255	2,863,232	2,703,705	3,136,575	3,198,146	3,472,086
Sanitation	889,681	955,858	1,114,246	1,202,137	1,281,986	1,356,495	1,543,693	1,533,863
Total business-type activities expenses	3,702,783	4,176,424	4,762,547	5,477,715	5,432,957	5,941,471	6,249,212	6,534,096
Total primary government expenses	\$ 12,915,454	\$ 14,456,314	\$ 17,815,458	\$ 18,308,059	\$ 19,651,680	\$ 21,262,815	\$ 22,657,468	\$ 23,752,363
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	\$ 1,351,455
Public safety	365,513	397,946	446,423	567,520	755,149	818,834	722,323	785,143
Highways and public works	453,341	574,995	564,228	912,773	1,206,647	1,097,468	675,331	640,930
Cultural and recreation	601,734	730,743	789,159	1,245,372	1,214,653	916,117	1,053,274	846,638
Operating grants and contributions	305,083	210,574	248,978	258,756	560,896	796,891	1,253,066	1,595,061
Capital grants and contributions	620,063	3,855,708	2,082,757	10,280,692	6,382,770	2,655,088	2,059,783	1,310,061
Total governmental activities program revenues	4,427,035	8,361,234	6,884,915	15,406,482	11,883,880	7,827,531	6,959,622	6,529,288
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	2,143,358
Sewer	2,640,879	3,065,150	3,344,028	3,956,633	4,177,428	4,615,976	4,716,926	4,963,818
Sanitation	1,062,573	1,151,549	1,334,065	1,489,071	1,595,944	1,705,759	1,921,476	1,908,915
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	1,659,308
Total business-type activities program revenues	8,562,102	12,626,682	13,423,039	12,460,569	13,428,840	11,135,531	11,377,556	10,675,399
Total primary government program revenues	\$ 12,989,137	\$ 20,987,916	\$ 20,307,954	\$ 27,867,051	\$ 25,312,720	\$ 18,963,062	\$ 18,337,178	\$ 17,204,687

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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)	(10,688,979)
Business-type activities	4,859,319	8,450,258	8,660,492	6,982,854	7,995,883	5,194,060	5,128,344	4,141,303
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)	\$ (6,547,676)
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	8,876,092
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	3,028,031
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	732,368
Gains (losses) on sale of capital assets	29,686	1,763	2,708	1,502	10,853	(302,789)	8,960	21,159
Transfers	796,222	870,540	899,730	957,340	1,532,034	1,110,461	1,043,759	1,078,899
Total governmental activities	7,764,072	8,169,400	9,117,248	10,502,491	12,962,023	12,901,432	13,160,059	13,736,549
Business-type activities:								
Unrestricted investment earnings	280,123	241,539	416,271	854,961	1,218,220	1,079,907	544,850	879,491
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)	(1,078,899)
Total business-type activities	(516,099)	(626,901)	(399,282)	(102,379)	(312,014)	(30,554)	(498,909)	(199,408)
Total primary government	\$ 7,247,973	\$ 7,542,499	\$ 8,717,966	\$ 10,400,112	\$ 12,650,009	\$ 12,870,878	\$ 12,661,150	\$ 13,537,141
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	\$ 3,047,570
Business-type activities	4,343,220	7,823,357	8,261,210	6,880,475	7,683,869	5,163,506	4,629,435	3,941,895
Total primary government	\$ 7,321,656	\$ 14,074,101	\$ 11,210,462	\$ 19,959,104	\$ 18,311,049	\$ 10,571,125	\$ 8,340,860	\$ 6,989,465

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 Eight Fiscal Years
(accrual basis of accounting)**

Fiscal Year	Property Tax	Sales Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
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
2009-10	\$ 8,876,092.00	\$ 1,186,962.00	\$ 1,175,615.00	\$ 665,454.00	\$ 11,904,123.00

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved for:										
Library and art activities	\$ 25,470	\$ 21,272	\$ 88,660	\$ 23,773	\$ 26,816	\$ 49,401	\$ 55,618	\$ 62,790	\$ 62,716	\$ 33,777
Unreserved										
Designated for improvements	144,226	175,124	164,255	257,832	491,326	532,270	724,801	789,552	640,854	3,774,399
Undesignated	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	7,151,378
Total General Fund	\$ 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	\$ 10,959,554
All Other Governmental Funds										
Reserved for:										
Debt		\$ 352,236	\$ 352,608	\$ 354,404	\$ 356,293	\$ 354,832	\$ 363,404	\$ 351,930	\$ 351,934	
Unreserved										
Special revenue funds	\$ 241,330	\$ 124,714	145,184	254,216	281,675	(203,730)	(198,459)	(108,214)	47,170	(48,834)
Debt service funds	302,174	272,394	(748,908)	194,219	1,832,764	524,315	633,714	722,967	803,553	885,881
Capital fund			1,817,252	2,471,442	3,492,596	5,077,512	7,713,348	1,677,630	1,446,708	1,911,708
Total all other governmental funds	\$ 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	\$ 3,100,689

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Taxes	\$ 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	\$ 9,260,823
Intergovernmental	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	4,783,640
Charges for services	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	3,147,491
Other revenue	410,891	377,825	611,212	484,696	557,950	640,963	917,785	982,879	1,301,071	633,495
Special assessment revenue	125,661	107,236	162,658	686,228	282,452	547,609	205,917	180,710	202,253	166,467
Interest	345,771	211,071	165,167	145,759	375,469	633,704	1,007,266	774,806	341,011	732,368
Total Revenues	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	18,724,284
Expenditures:										
Current										
General government	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	5,567,916
Public safety	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	4,743,296
Highways and public works	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	2,651,799
Cultural and recreation	758,193	869,370	931,638	1,110,484	1,156,462	1,256,420	1,481,597	1,562,015	1,608,878	1,588,503
Debt Service										
Principal	348,923	372,912	500,439	453,672	498,238	3,916,445	589,655	598,480	1,103,922	473,451
Interest	149,392	134,225	374,533	321,973	313,437	438,255	434,069	529,901	487,143	441,992
Capital Outlay	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	2,331,142
Total Expenditures	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	17,798,099
Excess (deficiency) of revenues over (under) expenditures	79,507	(1,490,607)	(3,700,540)	1,442,016	(1,479,994)	(2,006,068)	(330,689)	(4,470,443)	(27,276)	926,185
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	40,978
Operating transfers in	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	1,662,246
Operating transfers out	(11,000)	(11,000)	(251,749)	(440,098)	(1,164,171)	(648,965)	(3,878,385)	(817,890)	(576,196)	(583,347)
Total other financing sources (uses)	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	1,119,877
Net change in fund balances	\$ 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	\$ 2,046,062
Debt service as a percentage of noncapital expenditures	7.1%	5.6%	8.6%	8.1%	6.7%	36.5%	7.9%	8.2%	10.8%	6.1%

Table # 6

**City of Post Falls
General Government Tax Revenues By Source
Last Eight Fiscal Years
(modified 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	4,492,098.00	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
2009-10	\$ 8,848,311.00	\$ 1,186,962.00	\$ 1,175,615.00	\$ 665,454.00	\$ 11,876,342.00

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	
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
2010	\$ 2,381,141,525	\$ 860,829,515	\$ 1,520,312,010	\$ (203,871,920)	-11.82%	\$ 5.21

Table #8

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

Governmental Unit	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
City of Post Falls	5.21	4.96	4.56	3.70	4.05	4.64	5.35	5.46	5.33	5.34
%CHANGE	5.04%	8.77%	23.11%	-8.54%	-12.72%	-13.27%	-2.01%	2.44%	-0.19%	1.14%
North Idaho College	1.00	0.83	0.73	0.48	0.53	0.71	0.74	0.77	0.77	0.77
Kootenai County	2.94	2.52	2.21	1.84	1.84	2.47	3.48	3.65	3.14	3.43
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	0.15	0.13	0.11	0.10	0.1	0.14	0.16	0.32	0.33	0.15
School District #273	2.58	2.36	2.29	2.23	2.23	5.61	6.28	6.43	6.18	6.08
Post Falls Highway District #1	0.45	0.38	0.31	0.36	0.36	0.47	0.57	0.57	0.6	0.65
Kootenai Fire & Rescue	<u>1.86</u>	<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>
Total	14.19	12.84	11.61	10.05	10.45	15.76	18.64	19.13	18.04	18.09
% CHANGE FOR TOTAL	10.51%	10.59%	15.48%	-3.79%	-33.69%	-15.45%	-2.56%	6.04%	-0.28%	-1.04%

Notes:

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

Table # 9

**City of Post Falls
Principal Property Taxpayers
December 31, 2010**

<u>Taxpayer</u>	<u>Type Of Business</u>	2010	
		<u>Property Assessed Valuation</u>	<u>Percentatge of Total Assessed Valuation</u>
Post Falls Retirement Real Estate Investors LLC	Retirement Facility	\$33,374,204	1.40%
North Idaho Surgical Hospital Bldg LLC	Medical	\$16,656,609	0.70%
Kimball International Mkt, Inc.	Manufacturing-Furniture	\$14,378,962	0.60%
Sysco Food Services Inc.	Food Distribution Center	\$13,400,344	0.56%
Biopol Laboratory Inc.	Research & Development	\$12,858,999	0.54%
Cabelas Retail Inc.	Retail	\$12,853,128	0.54%
Pointe LLC (The)	Commercial Developer	\$12,019,226	0.50%
Puryear Family LPT	Homeowner	\$11,430,100	0.48%
Wal-Mart Real Estate Business	Retail	\$11,191,412	0.47%
Health Care Riet Inc.	Medical	\$10,465,838	0.44%
Subtotal - Ten Of City's Largest Taxpayers		\$148,628,822	6.23%
All Other Taxpayers		\$2,232,512,703	93.77%
Total City Taxpayers		<u>\$2,381,141,525</u>	<u>100.00%</u>

<u>Taxpayer</u>	<u>Type Of Business</u>	2000	
		<u>Property Assessed Valuation</u>	<u>Percentatge of Total Assessed Valuation</u>
Kimball International Mkt, Inc.	Manufacturing-Furniture	\$37,157,270	4.70%
Coeur d'Alene Factory Outlets	Retail	\$11,988,814	1.52%
Potlatch Corp	Manufacturing-Wood Products	\$8,580,967	1.08%
Idaho Veneer	Manufacturing-Wood Products	\$7,145,683	0.90%
Cavanaugh's Hospitality LTD Partnership	Hotels/Motels/Restaurants	\$6,653,420	0.84%
Jacklin Land Company LPT	Commercial Business Properties	\$6,105,320	0.77%
Coles, Robert W. Etux	Golf Course	\$5,228,012	0.66%
Puryear Family LPT	Land Owner	\$4,527,031	0.57%
Young, John C.Etal	Commercial Business Properties	\$4,460,851	0.56%
Watson, James R. Etux	Land Development	\$4,371,223	0.55%
Subtotal - Ten Of City's Largest Taxpayers		\$96,218,591	12.15%
All Other Taxpayers		\$694,924,977	87.85%
Total City Taxpayers		<u>\$791,143,568</u>	<u>100.00%</u>

Table #10

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

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$3,631,687	\$3,504,567	96.50%	\$118,255	\$3,622,822	99.76%
2002	\$3,896,692	\$3,646,882	93.59%	\$211,788	\$3,858,670	99.02%
2003	\$4,430,009	\$4,148,223	93.64%	\$250,676	\$4,398,899	99.30%
2004	\$4,835,070	\$4,501,529	93.10%	\$303,444	\$4,804,973	99.38%
2005	\$5,288,311	\$5,173,550	97.83%	\$98,106	\$5,271,656	99.69%
2006	\$6,039,753	\$5,862,690	97.07%	\$177,063	\$6,039,753	100.00%
2007	\$7,154,688	\$6,973,680	97.47%	\$181,008	\$7,154,688	100.00%
2008	\$7,757,666	\$7,514,023	96.86%	\$243,643	\$7,757,666	100.00%
2009	\$8,560,420	\$8,351,263	97.56%	\$209,157	\$8,560,420	100.00%
2010	\$8,767,658	\$8,414,340	95.97%	\$16,234	\$8,430,574	96.16%

Source: Kootenai County Auditor

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			
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
2009-10	\$ 525,000	\$ 2,170,000	\$ 3,621,761	\$ 2,892,350	\$ 7,803,754	\$ 17,012,865	2.00%	\$ 630

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>
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
2009-10	27,000	\$ 2,599,701,389	\$ 525,000	0.02%	19

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, 2010**

Governmental Unit	Bond Debt	Government's Net Market Value	Percentage Applicable to City	City Share of Debt
City of Post Falls	\$ 8,602,141	\$ 1,565,781,189	100.0%	<u>\$ 8,602,141</u>
Kootenai County	594,939	12,927,862,542		
School District #273	18,025,000	2,198,036,031	71.2%	12,840,193
Post Falls Highway District		3,692,725,514	42.4%	
Kootenai County Fire & Rescue		3,230,961,899	48.5%	
Subtotal of overlapping debt				<u>\$ 12,840,193</u>
Total direct and overlapping debt				<u>\$ 21,442,334</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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 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	\$ 47,622,831
Total net debt applicable to limit	1,715,000	1,605,000	1,490,000	1,370,000	1,245,000	1,115,000	980,000	835,000	685,000	525,000
Legal debt margin	<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>	<u>\$ 47,097,831</u>
Total net debt applicable to the limit as a percentage of debt limit	10.19%	8.99%	7.39%	6.38%	4.95%	3.82%	2.88%	1.52%	1.32%	1.10%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 1,520,312,010
Add back: exempt real property	<u>\$ 860,829,515</u>
Total assessed value	<u>\$ 2,381,141,525</u>
Debt limit* (2% of total assessed value)	47,622,831
Debt applicable to limit:	
General obligation bonds	<u>525,000</u>
Legal debt margin	<u><u>\$ 47,097,831</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	
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
2010	\$ 5,641,020	\$ 2,135,511	\$ 3,505,509	\$ 699,639	\$ 249,680	\$ 949,319	3.69

(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	
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
2010	\$ 2,344,734	\$ 870,523	\$ 1,474,211	\$ 134,824	\$ 104,683	\$ 239,507	6.16

(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	
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
2010	\$ 272,674	\$ 60,000	\$ 109,412	\$ 169,412	2.06

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**

Fiscal Year	Population ¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income ²	Public School Enrollment ³	Unemployment Rate ⁴
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%
2010	26,909	\$851,993	\$31,662	5,620	8.70%

Data Sources

¹ City of Post Falls' records² Bureau of Economic Analysis³ School District⁴ Department of Labor

**City of Post Falls
Principal Employers
September 30, 2010**

<u>Private Employers ⁽¹⁾</u>	<u>Type of Business</u>	<u>No. of Employees</u>	<u>Percentage of Total City Employment</u>
1 Post Falls School District No. 273	Education	620	5.10%
2 Center Partners Inc. ⁽²⁾	Business Services	600-700	4.94%
3 Walmart Supercenter ⁽²⁾	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 ⁽³⁾	Food Products Distribution	100	0.82%
10 Red Lion Templin's Hotel	Hospitality	55	0.45%
	Sub-Total	<u>2,769</u>	<u>22.78%</u>
	Estimated number of employees in Post Falls ⁽⁵⁾	12,153	
Government:			
City of Post Falls	Local Government	200-300	
State of Idaho ⁽⁴⁾	Government	900-1000	
United States ⁽⁴⁾	Government	600-700	

(1) Employment figures for individual employers, with the exception of those sourced above, is garnered through direct contact with that employer.

(2) Employment figures obtained from Idaho Department of Labor.

(3) Sysco has an additional 90 that work through the Post Falls location, but physically work from other locations.

(4) These are employee counts for all of Kootenai County, not restricted to Post Falls.

(5) Source: Current Population Survey (CPS) as of January 21, 2011. Survey as conducted by the Census Bureau.

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	51.14	47.14	47.73	43.53	49.95	50.75	59.85	58.48	49.4	41.5
Public safety	50.43	52.88	51.88	56.27	54.14	53.89	60.46	61.6	64.09	65.39
Highways and public works	13.97	13.72	13.95	12.77	15.06	15.06	19.39	20.04	17.42	17.06
Cultural and Recreation	23.6	24.44	22.81	23.09	24.76	24.76	33.6	32.61	32.95	32.17
Water	5.8	6.3	6	5.98	6.48	6.48	6.45	6.5	6.6	6.6
Sewer	10.8	11.05	11	11.98	11.48	11.48	12.43	12.53	13.03	13.03
Total	155.74	155.53	153.37	153.62	161.87	162.42	192.18	191.76	183.49	175.75

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

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

Table #21

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function										
Police										
Calls for service	17,560	15,215	21,600	24,789	26,270	25,368	27,826	29,074	28,840	30,467
Burglary	98	81	120	159	140	111	89	94	106	107
Phone harassment	30	39	26	40	34	24	35	33	39	38
Motor vehicle theft	32	39	32	46	46	51	50	30	31	24
Highways and streets										
Street resurfacing - paving (miles)	2.60	2.01	1.40	1.89	1.86	1.37	1.65	1.74	1.00	2.40
Street resurfacing - chip seal (miles)	4.90	6.16	5.02	5.00	4.20	3.59	2.26	0.00	8.62	6.93
Culture and recreation										
Sports leagues programs attendance					4,048	4,283	5,319	5,557	5,566	5,459
Special interest programs attendance					1,227	2,101	3,125	2,725	2,190	1,654
Water										
New connections	100	850	850	390	393	193	206	44	47	9
Average daily consumption (millions of gallons)	3,581	3,470	4,005	4,042	4,194	4,819	4,860	4,786	4,518	4,190
Sewer										
Average daily sewage treatment (millions of gallons)	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.4	2.5	2.4

Note: 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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Units	36	40	40	43	46	49	52	54	54	58
Highways and streets										
Streets (miles)	106	111	115	129	133	143	149	150.89	153.05	153.05
Culture and recreation										
Park acreage	273.94	328.89	354.74	382.62	395.5	408.37	421.25	437.4	437.4	437.4
Parks							19	23	23	23
Sports Fields	5	5	5	5	5	5	5	6	6	7
Tennis Courts	2	2	2	2	2	2	2	2	5	3
Water										
Water mains (miles)	88	91	92	104	108	110	113	113	115	116
Fire hydrants	599	637	695	745	772	811	842	842	865	858
Maximum daily capacity (thousands of gallons)	11.23	11.23	11.23	11.23	16.99	16.99	16.99	16.99	16.99	16.99
Sewer										
Sanitary sewers (miles)	88	91	93	105	109	110	155	158	159	160
Storm sewers (miles)	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	4.60
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	5.10

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, 2010**

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

Total Revenue	\$2,369,600
Estimated number of active customers	9,500
Total water produced (gallons)	1,531,653,699

Schedule of Water Rates

Monthly Base Fee (by meter size)

1" or less	\$ 8.85	1 1/2"	\$14.86
2"	22.10	3"	39.04
4"	63.13	6"	123.45

Metered water Usage 94¢ per 1,000 gallons

Source: City of Post Falls

**City of Post Falls
Statistical Information
Wastewater (Sewer) Fund
September 30, 2010**

Schedule of Treatment Volume

Average Volume	2.42 million gallons per day
Total Volume	907,238,000 gallons

Schedule of Monthly Sewer Rates

The residential rate is \$28.09 for 94% of the City's customers.

The non-residential rate per customer is \$28.09 + \$5.29 per 1,000 gallons of water consumption over 5,000 gallons.

Source: City of Post Falls

**City of Post Falls
Insurance Schedule
September 30, 2010**

The City is insured through the Idaho Counties Reciprocal Management Program (ICRMP), Policy No. 29A02152100109. Coverage is as follows:

	<u>Coverage</u>
Premises	\$100,000 per occurrence
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: A water feature welcomes visitors to Post Falls in Summer and Winter



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**

To the Honorable 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 as of and for the year ended September 30, 2010, which collectively comprise the City of Post Falls' basic financial statements and have issued our report thereon dated February 21, 2011. 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' 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' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Post Falls' internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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' 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 or other matters that are required to be reported under *Government Auditing Standards*.



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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 (CONTINUED)

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

Magnuson, McHugh & Company, P.A.

Magnuson, McHugh & Company, P.A.

Coeur d'Alene, Idaho
February 21, 2011



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