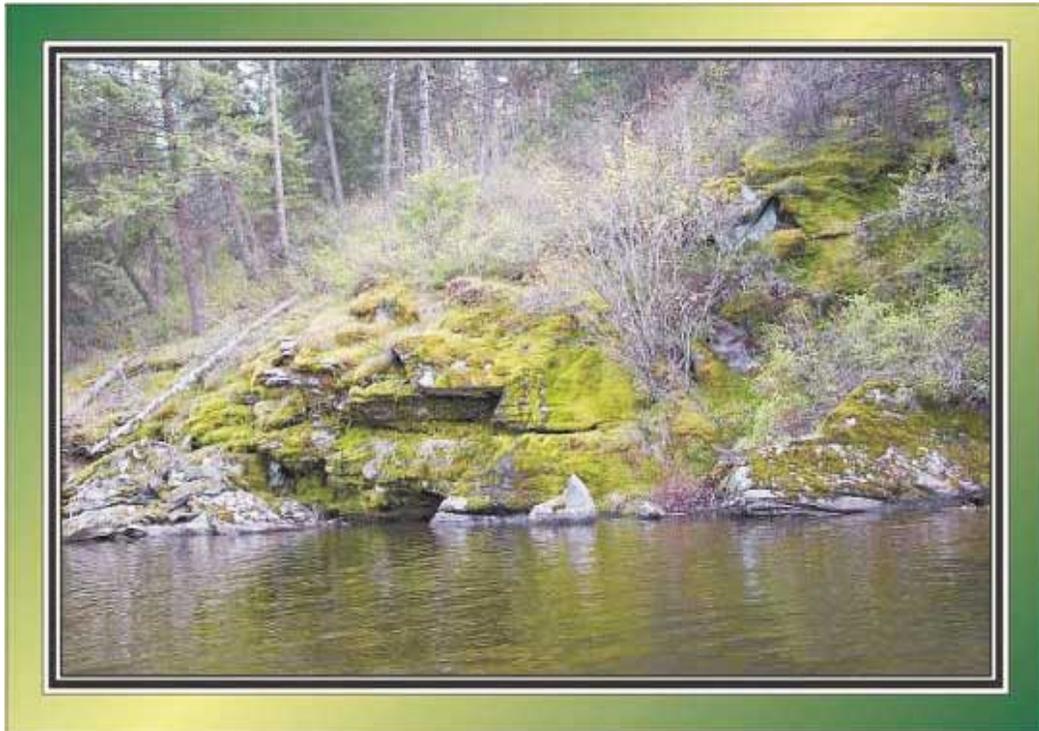


Kootenai County, Idaho



COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2003

DANIEL J. ENGLISH ~ AUDITOR



Kootenai County, Idaho

Office of the County Auditor

David R. McDowell, CPA
Finance Director

Sandy Martinson
Chief Deputy Clerk

ACKNOWLEDGMENTS:

Staff Accountants

Daniel Duffey
Celia Peterson
Willeen Corey

Accounting Staff

Kim Stevenson
Judy Poole
Judy Nelson
Sandi Strobel
Sharon LaFountain
Linda Leigh
Sandra Black

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FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2003

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INTRODUCTORY SECTION



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kootenai County,
Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

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 handwritten signature in black ink, appearing to read "Edward Hanrahan".

President

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

Executive Director

DAN ENGLISH

CLERK OF THE
DISTRICT COURT

AUDITOR

RECORDER

**OFFICE OF THE
KOOTENAI COUNTY CLERK**

451 GOVERNMENT WAY
P.O. BOX 9000
COEUR D'ALENE, IDAHO 83816-9000
PHONE (208) 446-1650 • FAX (208) 446-1662
E-MAIL: denglish@kcgov.us



January 31, 2004

Board of County Commissioners
Kootenai County
Coeur d'Alene, Idaho

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Kootenai County, Idaho, prepared in accordance with generally accepted accounting principles (GAAP), for the fiscal year ending September 30, 2003. The purpose of the report is to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the County. Responsibility for the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with Kootenai County. To the best of our knowledge and belief, the report is accurate in all material respects, and is designed to present fairly the financial position and results of operations of the various fund and account groups of the County. All disclosures necessary to enable the reader to gain an understanding of Kootenai County's financial activities have been included.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Kootenai County for its comprehensive annual financial report for the fiscal year ending September 30, 2002. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Kootenai County has received a Certificate of Achievement for the last nine consecutive years (fiscal years 1994-2002). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA. We would also like to acknowledge the individuals involved in the preparation of the report and jointly responsible for the County receiving the award: Kim Stevenson, Celia Peterson, David McDowell, Daniel Duffey, and Willeen Corey.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The introductory section includes this transmittal letter, the County's organization chart, a list of principal officials, and new to the report this year the Management Discussion and Analysis which reviews the financial condition and operations of the county. The financial section includes the general purpose financial statements, and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report. The Statistical Section includes unaudited financial and demographic information, generally presented on a multi-year, comparative basis.

Kootenai County Comprehensive Annual Financial Report - FY 2003

Kootenai County is required to undergo an annual single audit in conformity with provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget (OMB) *Circular A-133, Audits of State, Local Governments, and Non-Profit Institutions*. Information related to the single audit, including the schedule of federal financial assistance and reports of the independent auditor on the internal control structure and compliance with applicable laws and regulations are included in the single audit section of this report.

Kootenai County provides a full range of government services. These include police protection, judicial systems, jails, 9-1-1 service, health and social services, a regional airport, emergency management, noxious weed control, parks and recreation (including bicycling, boating, and snowmobile facilities), as well as cultural and historical society support. The County also provides general services such as planning and zoning, code enforcement, driver and vehicle licensing, managing federal, state, and local elections, recording of deeds and legal documents and administration of the tax system. The collection and distribution of property tax for all taxing districts within the county is also managed by Kootenai County. The districts include cities, highway districts, fire districts, school districts, North Idaho Community College, and Kootenai Medical Center.

The County has also provided for the disposal of solid waste through the development and maintenance of a solid waste transfer station and landfill. This operation is a self-supporting facility, managed as an enterprise fund.

This report includes all funds, account groups, and component units of the County. In addition to general county activities, the Board of Commissioners is financially accountable for both the Kootenai County Fair and the Kootenai County Emergency Medical Services System.

ECONOMIC CONDITION AND OUTLOOK

Kootenai County is located in northern Idaho, an area known as the Panhandle. The County is 1,310 square miles and has a population of approximately 115,000. The largest city and county seat is Coeur d'Alene. Nearby population centers include Spokane, Washington, thirty miles to the west, and Missoula, Montana 150 miles to the east, with a populations of approximately 210,000 and 61,000 respectively.

Kootenai County contains several beautiful lakes covering 70.6 square miles, including the twenty-five mile long Lake Coeur d'Alene, and is adjacent to the Panhandle National Forest. The county also includes Spirit Lake, Silverwood Theme Park, Farragut State Park on Lake Pend Oreille, the Coeur d'Alene Resort, and the Cataldo Mission, Idaho's oldest building. These attractions, recreation and tourism, are important elements of our local economy. Other important industries include construction, trades, light manufacturing, health care, professional services, and government. Major employers include Hagadone Hospitality Corporation, North Idaho College, Kootenai Medical Center, Flexcel (formerly Harpers Furniture), Center Partners, the Coeur d'Alene Casino, and Wal-Mart. Kootenai County aggressively pursues new industry through Jobs Plus, Inc., a development organization funded with public and private resources. Jobs Plus has been successful in attracting several small and medium sized industries to Kootenai County by marketing the County's well trained work force, environment, and low operating costs.

The population and economy of Kootenai County has continued to grow over the last few years. Regional economic forecasts indicate continued growth in the regional economy. The projections are that Idaho in general will continue to grow at a pace greater than the national averages with growth on the north end of the state leading the charge.

MAJOR INITIATIVES

The major accomplishments and events of the County during 2003 included continued facilities improvement. Several goals were met during fiscal year 2003. These include:

1. All of the planning and most of the development for the new entry way expansion at the solid waste transfer station on Ramsey which will culminate in two inbound and outbound lanes and scales to improve traffic flow and productivity.
2. Purchase of a building and properties adjacent to the Courthouse campus that replaced the last office spaces being leased by the County, and simultaneously expanding parking capacity for the entire campus.
3. Continued development and improvement of the airport facilities, with the main accomplishments centering on property acquisitions that will facilitate planned economic development on the north side of the airport.
4. The State legislature providing the opportunity to take the issue of voter approved sales tax back to the voters. The measure passed in the November election with a near seventy percent approval rate.

ONGOING ACTIVITIES AND FUTURE PROJECTS

The County continues to focus on the needs resulting from rapid growth. The County's justice system has experienced the most significant increases historically and continues to be a primary concern as the county moves forward. Additionally, new needs and system improvements will continue to be planned for in 2004. These include:

1. A closer look at the compensation system for the County to assure that employees receive adequate compensation, and in an effort to reduce turnover and the related costs.
2. A more detailed look at the budgeting process including identification of statutory requirements for the services provided by the county.
3. Planning and development of an expansion of the north side of the airport to accommodate economic development and growth.
4. Continuing long-range planning and development of the existing landfill location and future collection facilities throughout the county.

FINANCIAL INFORMATION

Kootenai County remains in sound financial condition at the conclusion of fiscal year 2003. The overall state economy is starting to recover after two years of contraction following September 11. The Kootenai County economy has leveled off but continues to grow at a slower pace.

The Kootenai County Auditor's Office is responsible for providing financial services to the County. These include: financial accounting and reporting, payroll and accounts payable disbursement functions, debt management, budgeting, cash receipts, and financial analysis. The Treasurer's Office is responsible for tax collections, cash, and investment management.

INTERNAL CONTROL

Management of Kootenai County is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the County are protected from loss, theft, or misuse. The internal control structure should provide reasonable assurance that (1) financial transactions are processed only with management's authorization, (2) transactions comply with County policy and Idaho law, and (3) financial records allow for the safeguarding of assets and allow for the timely preparation of financial statements in

conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these goals are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefit likely to be derived from implementation, and (2) the evaluation of cost and benefit requires estimates and judgment by management.

BASIS OF ACCOUNTING

The County's accounting records for governmental fund type operations are maintained on the modified accrual basis, and on the accrual basis for the proprietary fund. Entries are recorded to convert the system to full accrual reporting as required under Governmental Accounting Standards Board (GASB) *Statement Number 34*. The modified accrual basis of accounting requires that revenue be recognized when both measurable and available to liquidate liabilities of the current period. Expenditures are generally recognized when the liability is incurred, and draws upon current usable resources. The accrual basis of accounting recognizes revenues when earned and expenses when incurred.

SINGLE AUDIT

The County receives federal and state pass through financial assistance and is responsible for maintaining an adequate control structure to ensure compliance with applicable laws and regulations pertaining to those programs. The internal control structure is subject to periodic evaluation by the Board of County Commissioners and the Auditor's Office.

As part of the County's single audit, tests are performed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, to determine that the County has complied with applicable rules and regulations. The results of the County's single audit for the fiscal year ending September 30, 2003 provided no instances of material weakness.

BUDGETARY CONTROL

The annual County budget process begins in April each year with a series of meetings and the distribution of budget request packets to elected officials and department heads. By the third Monday in May, budget requests must be submitted to the Auditor's Office. Budget requests include proposed expenditures, and projections of department generated revenues.

The County Auditor, acting as the Chief Budget Officer, reviews the budget submissions, forecasts revenue, and meets with department heads and elected officials to prepare a proposed budget. The proposed budget is submitted to the Board of County Commissioners for adjustment and approval or disapproval. A final budget is legally adopted by the Board after public hearings in September.

The County maintains budgetary controls to ensure compliance with the adopted budget. The budget is integrated with the County fund accounting system to ensure management control throughout the year. The level of budgetary control (level at which expenditures cannot exceed appropriation without management approval) is established at the department level. Expenditures made or liabilities incurred in excess of the budget appropriation, when not approved by the Board of County Commissioners, are the liability of the elected official making or incurring the liability, not the County.

Kootenai County does not utilize encumbrance accounting. Appropriations of funds lapse at the close of each fiscal year with the exception of ongoing capital construction projects, and ongoing grant or funding agreements that are run on a year different than our fiscal year.

ENTERPRISE FUND

Kootenai County has one enterprise operation, the Solid Waste Department. The Solid Waste Department operates the County Transfer Station, Fighting Creek Landfill, rural drop box and commercial solid waste collections and recycling programs. The solid waste operation receives no ad valorem tax revenue for either operating or capital outlays. A more thorough discussion of the financial performance for the enterprise activities is included in the Management Discussion and Analysis.

FIDUCIARY FUNDS

Kootenai County acts as an agent for all taxing districts in Kootenai County, including cities, schools, fire districts, and highway districts. The County collects taxes for these entities and disburses the funds on a periodic basis. The County also maintains several expendable trust funds, used to account for trust type activities, including holding of District Court personal bond funds, child support payments, and court ordered victim restitution.

COMPONENT UNITS

Kootenai County includes both the Kootenai County Fair and the Kootenai County Emergency Medical Services System (KCEMSS) as component units in the comprehensive annual financial report. The decision is based upon the financial accountability criteria as set forth in GASB Statement Number 14.

The Kootenai County Board of Commissioners (the Board) appoints the Kootenai County Fair Board, which has the responsibility of managing the County Fair. The Board also has the authority to approve or disapprove the County Fair's annual budget. Additionally, the County is contingently liable for the debt of the Fair.

The County Fair is managed as an enterprise fund. The Fair's fiscal year runs from January 1 through December 31. For the fiscal year ending December 31, 2002, the Fair had net income of \$46,502. For the fiscal year ending December 31, 2001, the Fair had net income of \$38,885.

KCEMSS is also presented as a distinct reporting unit. The Board approves the annual budget and levies taxes under the Emergency Medical Services levy, the balance necessary to fund the approved budget. One member of the Joint-Powers Board is appointed from the current Board of County Commissioners. The reporting year for KCEMSS is the same fiscal year as the county and for the current fiscal year reported net income of \$1,569,832. This is largely attributable to the voter approved override levy that paid off most of the outstanding obligations of KCEMSS and the balance will be repaid in the second and last year of the levy. The budget was streamlined in the process with no requirements for debt service.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in time certificates of deposit or in the Idaho State Investment Pool. Interest revenue of \$822,931 was recognized in fiscal year 2003. Of this amount, \$406,228 was deposited to the Solid Waste Fund. The balance was deposited to the funds from which investment principal was drawn, primarily the General Fund.

DEBT MANAGEMENT

As of September 30, 2003, Kootenai County has completed repayment of the Solid Waste Disposal Facility Refunding Bond, Series 1993. The bonds were issued in 1993 to retire \$7,155,000 of outstanding notes (Solid Waste Certificates of Participation, Series 1991). The notes were originally issued to provide funding for the construction of the Fighting Creek Landfill and the Ramsey Landfill/Transfer Station projects. Future development of landfill and collection facilities will be funded from facility reserves established in the enterprise fund according to the long-term facilities plan.

Near the end of fiscal year 2000, the financing package for the work release center and jail expansion was completed and jail facility tax revenue note was issued totaling \$9,500,000. The revenue generated by the

voter approved Resort Sales Tax had been pledged to support the debt service requirements; however; the enabling legislation for the local option tax was challenged and over turned by the Idaho State Supreme Court effective July, 2002. New legislation was passed in the 2003 legislative session to once again provide the local option tax, and was subsequently passed by the voters in November. As a result of the successful measure only a single year of the debt service will be paid out of regular county operating revenues.

The County is contingently liable for its component unit's (Kootenai County Fair) note payable. The original note, totaling \$250,000, was used to finance the construction of the Food Court building. The balance at December 31, 2002, \$5,690, will be repaid through fair revenues.

RISK MANAGEMENT

Kootenai County purchases insurance through the Idaho Counties Reciprocal Management Program (ICRMP). ICRMP is an insurance pool that serves all public entities in Idaho through provision of property, general liability, automobile liability, physical damage, and public officials' insurance. ICRMP provides loss prevention training to enable its subscribers to minimize their exposure to loss through implementation of proper policies and procedures.

Kootenai County has agreed to a self-insured reserve (SIR) to provide group health insurance benefits for the employees and their dependants.

The County also employs a risk manager whose duties include monitoring and reviewing contracts and claims against the County, and evaluating the adequacy of insurance coverage. The risk manager educates employees regarding loss exposure responsibilities of their job duties.

OTHER INFORMATION

Idaho state statute requires an annual audit by an independent auditor firm. The accounting firm of LeMaster and Daniels, PLLC was selected to perform the audit with the approval of the Board of County Commissioners. In addition to meeting the requirements set forth in the Idaho statutes, the audit was also designed to meet the requirements of the *Single Audit Act of 1984* and *OMB Circular A-133*. The auditor's report on the general purpose 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.

Sincerely,



Daniel J. English
Kootenai County Auditor



Steve J. "Gus" Johnson
Commissioner District #1



Rick Currie
Commissioner District #2



Richard C. Panabaker
Commissioner District #3



Daniel J. English
County Clerk



Tom Malzahn
County Treasurer



Mike McDowell
County Assessor



Rocky Watson
County Sheriff



Bill Douglas
County Prosecutor



Dr. Robert West
County Coroner

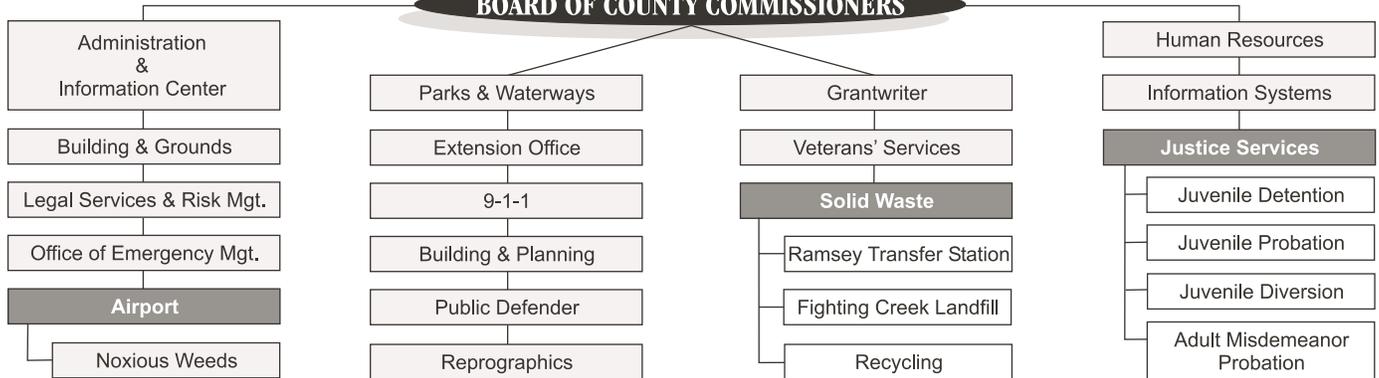
District Judge
District Judge
District Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge

John T. Mitchell
John P. Luster
Charles Hosack
Scott Wayman
Barry E. Watson
Robert B. Burton
Benjamin R. Simpson
Eugene A. Marano

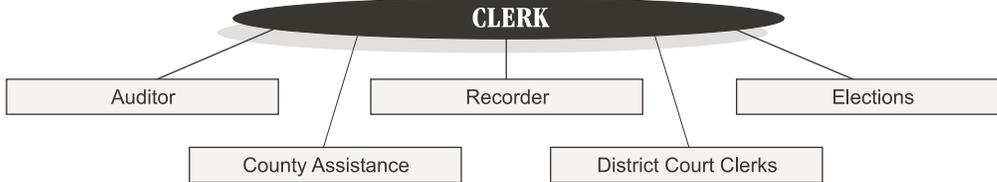
KOOTENAI COUNTY, IDAHO ORGANIZATIONAL CHART January 2004

VOTERS

BOARD OF COUNTY COMMISSIONERS



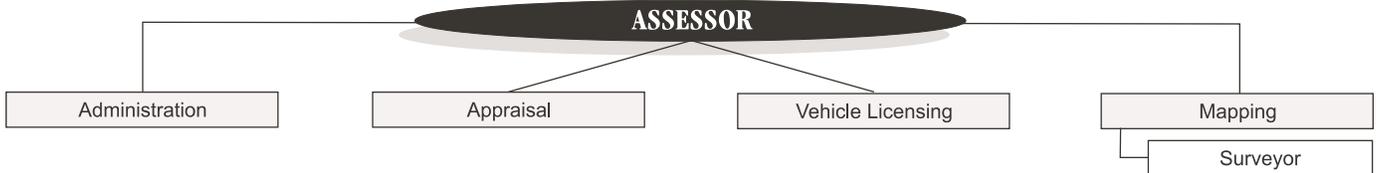
CLERK



SHERIFF



ASSESSOR



DISTRICT COURT JUDGES



CORONER

PROSECUTING ATTORNEY

TREASURER

ELECTED OFFICIAL

LEGEND

Department

Division

Sub Department

Designed for the Kootenai County Comprehensive Annual Financial Report, Fiscal Year 2003

FINANCIAL SECTION





LE MASTER &
DANIELS PLLC

SPOKANE
COLFAX
GRANDVIEW
MOESLAKE
OMAK
OTHELLO

QUINCY
TRI-CITIES
WALLA WALLA
WENATCHEE
YAKIMA

ACCOUNTING

INDEPENDENT AUDITORS' REPORT

AND

CONSULTING Board of County Commissioners
SERVICES Kootenai County
Coeur d'Alene, Idaho

MEMBER OF

McGLADREY

NETWORK

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kootenai County, Idaho (the "County") as of and for the year ended September 30, 2003, and the business-type activities of the County as of and for the years ended September 30, 2003 and 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements. We did not audit the financial statements of the County's component units County Fair as of and for the year ended December 31, 2003, and Kootenai County Emergency Medical Services System as of and for the year ended September 30, 2003, which are included in the County's basic financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units County Fair and Kootenai County Emergency Medical Services System, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, remaining aggregate fund information, and the respective budgetary comparison for the General Fund and Kootenai County Emergency Management Fund of Kootenai County, Idaho, as of September 30, 2003, and the respective cash flows and changes in financial positions for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the business-type activities of Kootenai County, Idaho, as of September 30, 2003 and 2002, and the respective cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 15 through 21 is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not part of the basic financial statements of the County. Such additional information has not been subjected to the auditing procedure applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2003, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kootenai County's basic financial statements. The supplemental information section as listed in the table of contents, including the schedule of expenditures of federal awards, which is required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "LeMaster & Daniels PLLC". The signature is written in a cursive, flowing style.

Spokane, Washington

December 12, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS



**Kootenai County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2003
(Unaudited)**

As management of KOOTENAI COUNTY, IDAHO, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts in this discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars. This discussion contains comparative analysis based on restated information from the prior year.

Financial Highlights

The key financial highlights for 2003 are as follows:

At the end of the current year, the County's governmental funds reported a combined ending fund balance of \$39,411 thousand from the prior year. Of this amount, \$ 8,035 thousand is available for spending (unreserved fund balance) on behalf of its citizens.

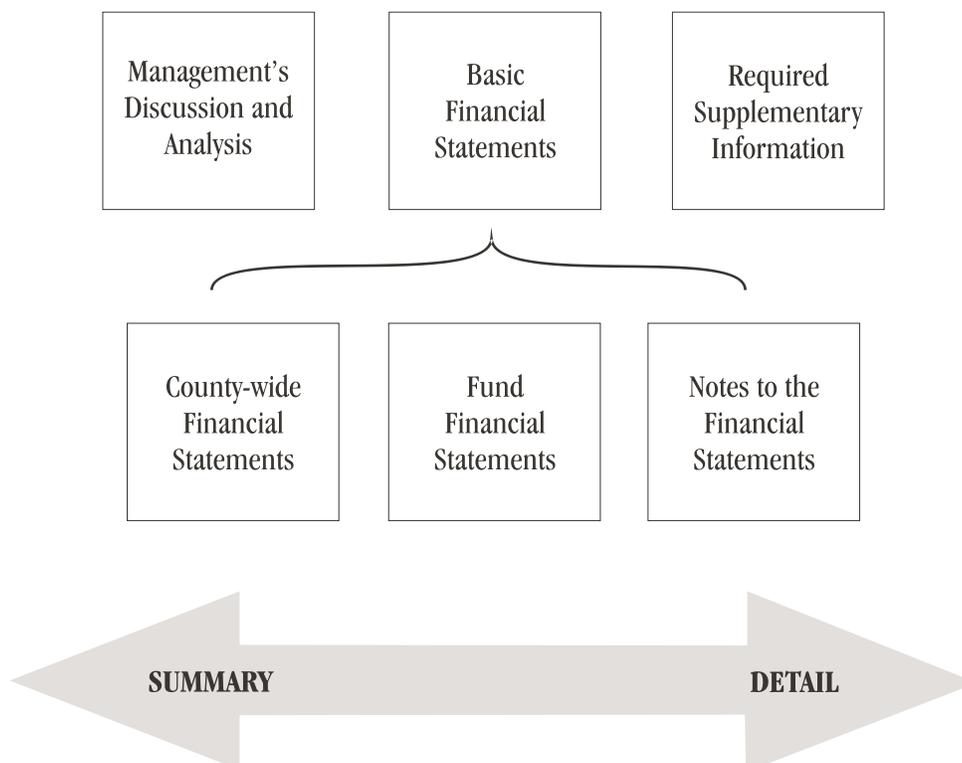
At the end of the current year, unreserved fund balance for the General Fund was \$8,004 thousand, which represents a 11.9 percent increase from the prior year and represents 21.8 percent of total General Fund expenditures.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the County as a financial whole or as an entire operating entity. The statements also provide a detailed look at specific financial conditions.

The County's basic financial statements are comprised of three components: the County-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Components of the Financial Section



County-Wide Financial Analysis

The County-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Statement of Net Assets and Statement of Activities

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the County's net assets changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net assets is important because it tells the reader whether, for the County as a whole, the financial position of the County has improved or diminished. However, in evaluating the overall position of the County, nonfinancial information such as changes in the County's tax base and the condition of the County's capital assets will also need to be evaluated.

In the statement of net assets and the statement of activities, the County is divided into three kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here, including general government, public safety, public works, health, human services, and economic development. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The County's Solid Waste Fund activity is reported here.

Component Units – The County's financial statements include financial data of the Kootenai County Emergency Medical Services System, and the Kootenai County Fair. These component units are separate and may buy, sell, lease, and mortgage property in their own name and can sue or be sued in their own name.

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 objects. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. Based on the restriction of the use of the moneys, the County has established many funds that account for the multitude of services provided to our residents. The County's major governmental funds are the General Fund, Justice Fund, Airport Fund, Indigent Fund, Parks and Recreation, Revaluation, Solid Waste, Liability Insurance, Health Insurance, and Sales Tax.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds that focus on how money flows into and out of the funds and the year end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided, along with the financial resources available.

Because the focus of the 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 on the government-wide financial statements. By doing so, readers may better understand the long-term effect of the governmental fund statement of revenues, expenditures, and changes in fund balances through reconciliations to facilitate comparisons between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds,

which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The County has one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The County uses enterprise funds to account for the Solid Waste operations.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the County’s programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided on the government-side and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules.

Government-wide Financial Analysis

Table 1 - summarizes the County’s net assets for 2003 compared to restated 2002:

Kootenai County’s Net Assets
(amounts in 000)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2002-2003
	2002	2003	2002	2003	2002	2003	
Current and other assets	\$ 17,955	\$ 39,545	\$ 12,246	\$ 13,923	\$ 30,201	\$ 53,468	77.0%
Capital assets	42,234	43,011	13,719	14,488	55,953	57,499	2.8%
Total assets	60,189	82,556	25,965	28,411	86,154	110,967	28.8%
Long-term debt outstanding	10,942	11,782	114	155	11,056	11,937	8.0%
Other liabilities	7,930	31,363	4,042	3,616	11,972	34,979	192.2%
Total liabilities	18,872	43,145	4,156	3,771	23,028	49,916	103.7%
Net assets							
Invested in capital assets, net of related debt	-	-	-	-	-	-	-
Restricted	28,659	31,011	1,437	2,830	30,096	33,841	12.41%
Unrestricted	5,057	365	2,912	3,249	7,969	3,614	-54.6%
Total net assets	\$ 41,317	\$ 39,411	\$ 21,809	\$ 24,640	\$ 63,126	\$ 64,051	1.5%

The implementation of GASB 34 has had a profound impact upon the county financial statements, increasing both the current assets and related current liabilities for the subsequent year’s property tax of \$27,050 thousand. As noted earlier, the County’s net assets, when reviewed over time, may serve as a useful indicator of the County’s financial position. In the case of the county, assets exceeded liabilities by \$64,051 thousand (\$39,411 thousand in governmental activities and \$24,640 in business activities) as of September 30, 2003. By far, the largest portion of the County’s net assets (78.3 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its 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 can not be used to liquidate these liabilities.

An additional portion of the County’s net assets (5.3 percent) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$60,608 thousand) may be used to meet the county’s ongoing obligations to citizens and creditors.

Kootenai County Comprehensive Annual Financial Report - FY 2003

Table 2 - shows the changes in net assets for 2003. Since this is the first year the County has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to 2002 are provided on a restated basis from the previous year. In future years the comparative analysis of government-wide data will agree with the previous year's report.

Changes in Kootenai County's Net Assets as of September 30, 2002 and 2003 (amounts in 000)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2002	2003	2002	2003	2002	2003	2002-2003
Revenues							
Program revenues							
Charges for services	\$ 7,331	\$ 8,297	\$ 7,364	\$ 7,773	\$ 14,695	\$ 16,070	9.4%
Federal grants	2,423	2,082	-	6	2,423	2,088	-13.8%
State grants	1,225	1,841	-	-	1,225	1,841	50.3%
Local grants	50	-	-	-	50	-	-100.0%
General revenues							
Property taxes	22,316	23,031	-	-	22,316	23,031	3.2%
Sales taxes	5,446	14	-	-	5,446	14	-99.7%
Other	8,528	8,535	635	531	9,163	9,066	-1.1%
Total revenues	47,319	43,800	7,999	8,310	55,318	52,110	-5.8%
Expenses							
General government	18,805	22,652	-	-	18,805	22,652	20.5%
Public works	1,215	1,550	-	-	1,215	1,550	27.6%
Public safety	19,902	18,029	-	-	19,902	18,029	-9.4%
Sanitation weed control	-	231	-	-	-	231	100.0%
Health and welfare	2,168	2,095	-	-	2,168	2,095	-3.4%
Culture and recreation	214	867	-	-	214	867	305.1%
Capital projects	131	28	-	-	131	28	-78.6%
Interest on long term debt	730	755	-	-	730	755	3.4%
Solid waste	-	-	6,162	5,076	6,162	5,076	-17.6%
Total expenses	43,165	46,207	6,162	5,076	49,327	51,283	4.0%
Excess (deficiency) before special items and transfers	4,154	(2,407)	1,837	3,234	5,991	827	-86.2%
Special item: gain on sale of assets	54	89	-	14	54	103	90.7%
Transfers	638	(770)	(400)	(419)	238	(1,189)	-599.6%
Increase (decrease) in net assets	\$ 4,846	\$ (3,088)	\$ 1,437	\$ 2,829	\$ 6,283	\$ (259)	-104.1%

Governmental Activities

Charges for services was the County's largest program revenue, accounting for \$8,297 thousand or 19.0 percent of total governmental revenues. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

The County's grant revenues from Federal and State sources made up \$3,923 thousand or 9.0 percent of total governmental revenues. The major recipients of intergovernmental program revenues were the Airport and Justice Services.

Property tax revenues account for \$23,031 thousand of the \$43,800 thousand total revenues for governmental activities, or 52.5 percent of total revenues.

The Sheriff's Jail program accounted for \$4,894 thousand of the \$46,207 thousand total expenses for governmental activities, or 10.6 percent of total expenses. The next largest program was Sheriff's Patrol, accounting for \$3,652 thousand and representing 7.9 percent of total governmental expenses.

Table 3 - for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues. Comparisons to 2002 are based on restated amounts from the previous annual report.

**Net Cost of Kootenai County's Governmental Activities
as of September 30, 2002 and 2003
(amounts in 000)**

	Total Cost of Services		Percentage Change	Net Cost of Service		Percentage Change
	2002	2003	2002-2003	2002	2003	2002-2003
General government	\$ 18,805	\$ 22,652	20.5%	\$ 13,137	\$ 16,142	22.9%
Public works	1,007	1,550	53.9%	876	1,490	70.1%
Public safety	19,902	18,029	-9.4%	17,081	14,279	-16.4%
Sanitation (Weed control)	208	231	11.1%	193	213	10.4%
Health and welfare	2,168	2,095	-3.4%	2,168	2,095	-3.4%
Culture and recreation	214	867	305.1%	201	811	303.5%
Capital projects	131	28	-78.6%	(2,250)	(1,799)	-20.0%
Other	730	755	3.4%	730	755	3.4%
Total	\$ 43,165	\$ 46,207	7.0%	\$ 32,136	\$ 33,986	5.8%

Charges for services and operating grants of \$12,220 thousand (26.4 percent of the total costs of services) are received and used to fund the general government expenses of the County. The remaining \$33,987 thousand in general government expenses are funded by property taxes, sales taxes, and intergovernmental revenues.

Business-Type Activities

The net assets for business-type activities increased by \$2,830 (thousand) during 2003 and the major revenue sources were charges for services of \$7,774 thousand.

Financial Analysis of the County Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of September 30, 2003, the County's governmental funds reported a combined ending fund balance of \$8,400 thousand, a decrease of \$4,258 thousand in comparison with the prior year. Approximately 95.6 percent of this total (8,035 thousand) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes (\$365 thousand).

The General Fund is the primary operating fund of the County. At the end of 2003, unreserved fund balance was \$8,004 thousand, while total fund balance was \$8,268 thousand. 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 21.7 percent to total General Fund expenditures, while total fund balance represents 22.4 percent of that same amount.

The County's General Fund balance has increased by \$846 thousand during fiscal year 2003. A key factor in this increase was general under expenditure of budgeted amounts.

Enterprise Funds

The County's enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Solid Waste Fund at September 30, 2003, were \$18,560 thousand. Unrestricted net assets increased by \$1,100 thousand.

BUDGETARY HIGHLIGHTS

By State statute, the Board of County Commissioners adopts the annual operating budget for the County effective the first day of October. For the General Fund, the change from the original to the final budget was a net change in expenditures of \$3,965 thousand. The majority of the increase in the budget occurred from additional grants, and higher than anticipated charges for services revenue.

Capital Assets and Debt Administration

Capital Assets: Kootenai County's investment in capital assets for its governmental and business type activities as of September 30, 2003, amounts to \$57,427 thousand (net of depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress. (See Table 4.) The total decrease in the county's investments in capital assets for the current fiscal year (including depreciation, additions and deductions) was -2.1 percent (a -4.4 percent decrease for governmental activities and a 5.6 percent increase for business type activities). Comparisons to 2002 are based on restated amounts from the previous annual report.

Kootenai County's Capital Assets
(net of depreciation, in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2003	2002	2003	2002	2003	2002	2003 - 2002
Land	\$ 4,028	\$ 2,659	\$ 986	\$ 450	\$ 5,014	\$ 3,109	61.3%
Buildings	25,709	18,760	23	33	25,732	18,793	36.9%
Improvements other than Buildings	7,761	4,024	11,608	11,673	19,369	15,697	23.4%
Machinery and Equipment	3,926	3,549	1,798	1,492	5,724	5,041	13.5%
Construction in Progress	1,516	15,929	72	72	1,588	16,001	-90.1%
Total	\$ 42,940	\$ 44,921	\$ 14,487	\$ 13,720	\$ 57,427	\$ 58,641	-2.1%

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

- The county campus was increased with the purchase of the adjoining real-estate office building and land on the corner of Northwest Boulevard and Government Way for \$848 thousand. This allowed the County to replace a leased facility with county owned office and parking space.
- The Waterways department has two construction projects that are in progress this fiscal year, the Harrison project and the Windy Bay project. These projects improve docks, ramps and facilities for the general public. The current fiscal year costs of the Harrison project and the Windy Bay project are \$106 thousand and \$42 thousand respectively.
- Current fiscal year expenditures for the on going improvements to the infrastructure at the airport are \$1,091 thousand.
- Construction on the Work Release Center and the Jail Expansion were completed at a final total cost of \$11,206 thousand. The current fiscal year expenditures are \$21 thousand.
- A current year land purchase costing \$828 thousand at the airport will stimulate economic growth by expanding the airport to the north thus bring in new commercial ventures
- The airport completed a project begun in 2001 for runways, commercial taxiways and fences. The total cost was \$4,410 thousand. \$29 thousand was expended in the current fiscal year.
- The Enterprise Fund replaced equipment and vehicles, in the amount of \$272 thousand.
- The Solid Waste Department purchased land for a Northern Transfer Station in anticipation of future growth. The cost of the land was \$537 thousand.
- Construction costs to reconfigure the entry to the Ramsey Transfer Station totaled \$473 thousand for the current fiscal year.

Additional information on Kootenai County's capital assets can be found in Note 5 (Capital Assets) to the financial statements for fiscal year 2003.

Long-Term Debt – At September 30, 2003, the County had total general obligation debt outstanding of \$10,722 thousand. The County’s long-term debt decreased by \$1,065 thousand or 9.0 percent during fiscal year 2003 in a large part explained by the final redemption of the Solid Waste Refunding Bonds. Comparisons to 2002 are based on restated amounts from the previous annual report.

Kootenai County’s Outstanding Debt
(amounts in 000)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2002-2003
	2002	2003	2002	2003	2002	2003	
Equipment leases	\$ 1,035	\$ 998	\$ -	\$ -	\$ 1,035	\$ 998	-3.6%
Facility leases	2,060	2,788	-	-	2,060	2,788	35.3%
Jail Facility Tax Revenue Note	7,847	6,936	-	-	7,847	6,936	-11.6%
Solid Waste Refunding Bonds	-	-	845	-	845	-	-100.0%
Total	\$ 10,942	\$ 10,722	\$ 845	\$ -	\$ 11,787	\$ 10,722	-9.0%

In addition to the bonded debt, the County’s long-term obligations include compensated absences and closure/post-closure liability. Note 6 will provide information regarding bond anticipation notes and additional information on the County’s long-term debt can be found in Note 7 of this report under the Notes to Financial Statements.

Economic Factors

Kootenai County has experienced substantial growth in the past fifteen years,

Population growth has been significant; the County has experienced a 63.7 percent increase since 1990. Housing starts are still running at brisk pace and the average sales price of residential property has risen to \$138,500.

Another significant factor that has attributed to the overall growth of the County historically has been its low unemployment rate. However as of September 30, 2003, an ever increasing influx of people emigrating from more populous areas has caused the local unemployment rate to increase to 6.5 percent compared to 5.3 percent for the State and 6.1 percent for the nation.

The most significant contributing growth component has been the continued emigration of people from higher cost economic areas into the local community. These individuals move into the area with a distinct economic advantage from the sale of higher cost residences and favorable income tax treatment of the gains on those sales. The combination of these key factors provides an opportunity for people to move prior to securing employment. This continues to spur the construction industry in Kootenai County to satisfy the need for additional housing.

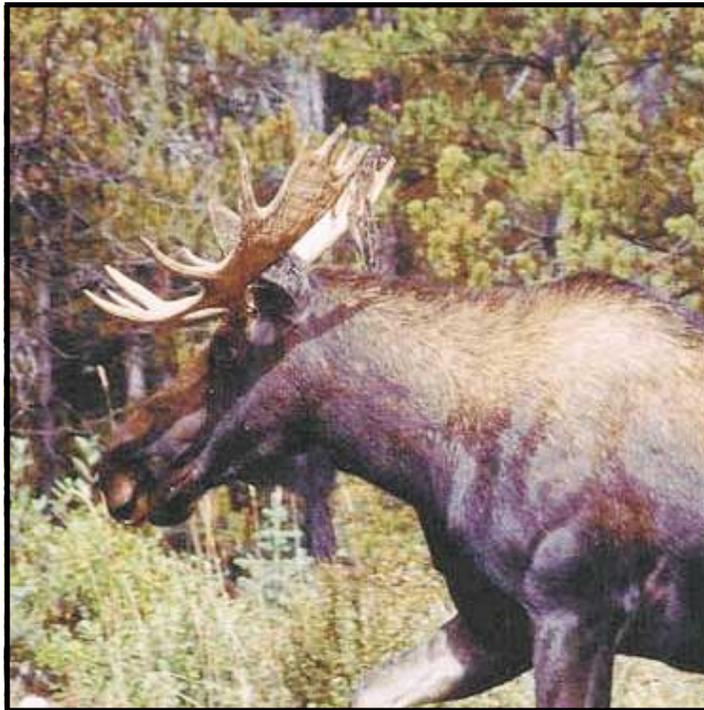
Investment earnings are anticipated to level out in 2004 by \$260 thousand due to the stabilization of interest rates. In addition, the State Legislature recently increased the state sales tax rate by one percent which will not be subject to revenue sharing provisions with local governments. These factors have been considered in preparation of the County’s 2004 budget.

Request for Information

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Kootenai County Auditor
P.O. Box 9000
Coeur d’Alene, Idaho 83816-9000.

BASIC FINANCIAL STATEMENTS



KOOTENAI COUNTY, IDAHO
Statement of Net Assets
September 30, 2003

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	County Fair Dec. 31, 2002	KCEMSS Sept. 30, 2003
ASSETS					
Cash in bank and investments	\$ 9,066,332	\$ 8,710,001	\$ 17,776,333	\$ 210,772	\$ 600,282
Taxes delinquent	28,480,756	230,843	28,711,599	-	-
Accounts receivable, (net)	1,392,423	1,140,857	2,533,280	1,670	352,384
Interest receivable	11,906	8,261	20,167	-	-
Due from other funds	-	583,809	583,809	-	-
Grants receivable	587,246	-	587,246	-	-
Inventories and prepaid expenses	6,935	-	6,935	-	58,650
Restricted assets:					
Cash held for closure and post-closure	-	3,249,383	3,249,383	-	-
Capital Assets:					
Land	4,027,673	986,213	5,013,886	-	-
Depreciable assets, (net)	37,396,389	12,968,088	50,364,477	1,392,186	383,886
Non-Depreciable other assets	71,503	-	71,503	-	-
Construction in progress	1,515,605	533,245	2,048,850	-	-
Total Assets	\$ 82,556,768	\$ 28,410,700	\$ 110,967,468	\$ 1,604,628	\$ 1,395,202
LIABILITIES					
Accounts payable	\$ 1,158,819	\$ 341,708	\$ 1,500,527	\$ 7,474	\$ 139,055
Interest payable	4,194	-	4,194	-	-
Notes payable	-	-	-	-	84,667
Due to other governments	44,000	-	44,000	-	-
Due to other individuals	939	-	939	-	-
Deferred property tax revenues	27,043,565	-	27,043,565	-	-
Other accrued liabilities	1,433,247	25,279	1,458,526	3,393	9,726
Liabilities payable from restricted assets					
Landfill closure liability	-	3,249,383	3,249,383	-	-
Long-term liabilities:					
Due within one year	1,678,537	-	1,678,537	5,690	88,793
Due in more than one year	11,781,981	154,661	11,936,642	6,031	495,016
Total Liabilities	43,145,282	3,771,031	46,916,313	22,588	817,257
NET ASSETS					
Invested in capital assets, net of related debt	31,011,604	2,829,851	33,841,455	624,514	299,220
Restricted for:					
Property tax relief	108,773	-	108,773	-	-
Debt services	-	-	-	-	-
Juvenile justice services	231,772	-	231,772	-	-
Court interlock	23,992	-	23,992	-	-
Landfill closure	-	3,249,383	3,249,383	-	-
Unrestricted	8,206,125	18,560,435	26,766,560	957,526	278,725
Jail tax payment	(170,780)	-	(170,780)	-	-
Total Net Assets	\$ 39,411,486	\$ 24,639,669	\$ 64,051,155	\$ 1,582,040	\$ 577,945

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

KOOTENAI COUNTY, IDAHO
Statement of Activities
For the Year Ended September 30, 2003

<i>Functions/Programs</i>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions
Primary government:				
Governmental activities:				
General government	\$ 22,652,017	\$ 4,988,448	\$ 1,069,337	\$ 452,131
Public works	1,550,347	59,809	-	-
Public safety	18,028,721	3,247,208	456,950	45,613
Sanitation weed control	231,164	921	16,939	-
Health and welfare	2,095,024	-	-	-
Culture and recreation	867,178	769	55,449	-
Capital projects	27,905	-	242,359	1,584,585
Interest on long-term debt	754,606	-	-	-
Total governmental activities	<u>46,206,962</u>	<u>8,297,155</u>	<u>1,841,034</u>	<u>2,082,329</u>
Business-type activities:				
Solid waste and landfill	5,075,780	7,773,726	6,432	-
Total business-type activities	<u>5,075,780</u>	<u>7,773,726</u>	<u>6,432</u>	<u>-</u>
Total primary government	<u>\$ 51,282,741</u>	<u>\$ 16,070,881</u>	<u>\$ 1,847,466</u>	<u>\$ 2,082,329</u>
Component units:				
County fair	\$ 651,841	\$ 352,022	-	-
KCEMSS	2,607,818	2,079,007	-	-
Total component units	<u>\$ 3,259,659</u>	<u>\$ 2,431,029</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Taxes:
 - Property taxes, levied for general purposes
 - Sales and use taxes
 - Licenses and permits
 - Intergovernmental revenues
 - Fines and forfeitures
 - Miscellaneous
 - Interest and investment earnings
 - Gain(Loss) on sale of assets/property
 - Transfers
 - Total general revenues and transfers
 - Change in net assets
 - Net assets—beginning
 - Net assets—ending**

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

Kootenai County Comprehensive Annual Financial Report - FY 2003

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	County Fair	Component Units KCEMSS
\$ (16,142,101)	\$ -	\$ (16,142,101)	\$ -	\$ -
(1,490,538)	-	(1,490,538)	-	-
(14,278,950)	-	(14,278,950)	-	-
(213,304)	-	(213,304)	-	-
(2,095,024)	-	(2,095,024)	-	-
(810,960)	-	(810,960)	-	-
1,799,039	-	1,799,039	-	-
(754,606)	-	(754,606)	-	-
(33,986,444)	-	(33,986,444)	-	-
-	2,704,378	2,704,378	-	-
-	2,704,378	2,704,378	-	-
\$ (33,986,443)	\$ 2,704,378	\$ (31,282,065)	-	-
-	-	-	(299,819)	-
-	-	-	-	(528,811)
-	-	-	(299,819)	(528,811)
23,031,308	-	23,031,308	108,400	2,120,344
13,751	-	13,751	-	-
1,250,646	-	1,250,646	-	-
5,258,413	-	5,258,413	-	-
1,025,637	-	1,025,637	-	-
583,106	124,535	707,641	232,991	(17,513)
416,703	406,228	822,931	4,930	6,624
89,059	13,826	102,885	-	(10,812)
(770,266)	(419,116)	(1,189,382)	-	-
30,898,357	125,473	31,023,830	346,321	2,098,643
(3,088,087)	2,829,851	(258,236)	46,502	1,569,832
42,499,573	21,809,818	64,309,391	1,535,538	(991,887)
\$ 39,411,486	\$ 24,639,669	\$ 64,051,155	\$ 1,582,040	\$ 577,945

KOOTENAI COUNTY, IDAHO
Balance Sheet
Governmental Funds
September 30, 2003

	General Fund	Kootenai County Emergency Management	Other Governmental Funds	Total Governmental Funds
Assets				
Cash in bank and investments	\$ 8,356,086	\$ 201,584	\$ 508,662	\$ 9,066,332
Taxes delinquent	1,091,955	110,169	228,714	1,430,838
Accounts receivable, (net)	1,321,151	13,157	58,115	1,392,423
Interest receivable	11,794	-	112	11,906
Grants receivable	350,666	-	236,580	587,246
Leases receivable	239,000	-	-	239,000
Prepays	6,935	-	-	6,935
Due from other funds	-	-	-	-
Due from other governments	-	583,809	-	583,809
Total Assets	\$ 11,377,587	\$ 908,719	\$ 1,032,183	\$ 13,318,489
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 761,723	\$ -	\$ 397,096	\$ 1,158,819
Accrued payroll	1,337,144	-	96,103	1,433,247
Deferred revenues	24,687	-	128,367	153,054
Deferred property taxes	993,053	100,440	208,052	1,301,545
Interest payable	-	-	4,194	4,194
Leases payable-long term	-	-	239,000	239,000
Due to other funds	-	583,809	-	583,809
Due to other governments	-	-	44,000	44,000
Due to other individuals	939	-	-	939
Total Liabilities	3,117,546	684,249	1,116,812	4,918,607
Fund Balances:				
Reserved for:				
Juvenile justice services	231,772	-	-	231,772
Court interlock	23,992	-	-	23,992
Property tax relief	-	-	108,773	108,773
Unreserved:				
General Fund	8,004,277	-	-	8,004,277
Special Revenue Funds	-	224,470	160,406	384,876
Capital Projects Funds	-	-	(183,028)	(183,028)
Jail tax payment	-	-	(170,780)	(170,780)
<i>Total Fund Balances (deficit)</i>	<i>8,260,041</i>	<i>224,470</i>	<i>(84,629)</i>	<i>8,399,882</i>
Total Liabilities and Fund Balances	\$ 11,377,587	\$ 908,719	\$ 1,032,183	\$ 13,318,489

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

**KOOTENAI COUNTY, IDAHO
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
September 30, 2003**

Total Governmental Funds Balances	\$8,399,882
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and this amount reflects the initial investment in capital assets therefore, are not reported in the funds:	43,011,170
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	27,049,918
Grants	141,054
Charges for Services	<u>12,000</u>

Total	27,202,972
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Long-term liabilities, including capital leases payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Capital leases payable	(10,483,465)
Compensated Absences	(2,912,829)
Deferred Property Taxes	(25,742,020)
Accrued Interest Payable	<u>(64,224)</u>

Total	<u>(39,202,538)</u>
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Total Net Assets of Governmental Activities as shown on the Statement of Net Assets:	<u>\$39,411,486</u>
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The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2003

	General Fund	Kootenai County Emergency Management	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 17,173,438	\$ 2,151,228	\$ 3,703,280	\$ 23,027,946
Tax related charges	(28,245)	(53,241)	(20,763)	(102,249)
Licenses and permits	1,136,901	29,882	83,863	1,250,646
Intergovernmental	6,729,449	35,288	2,417,039	9,181,776
Interest	386,574	-	30,129	416,703
Fines and forfeitures	261,961	-	763,676	1,025,637
Charges for services	8,000,501	20	296,634	8,297,155
Miscellaneous	140,284	-	442,822	583,106
Total Revenues	33,800,863	2,163,177	7,716,680	43,680,720
Expenditures				
Current:				
General government	19,019,013	-	2,319,041	21,338,054
Public works	-	-	602,492	602,492
Public safety	16,115,360	942,834	-	17,058,194
Sanitation	-	-	222,643	222,643
Health & welfare	129,092	-	1,963,365	2,092,457
Culture and recreation	11,704	-	761,160	772,864
Capital projects	-	-	27,905	27,905
Debt Service:				
Principal retirement	668,005	-	911,691	1,579,696
Interest expense	187,000	11,201	492,181	690,382
Capital Outlay:				
Capital expenditures	649,652	-	944,878	1,594,530
Construction in progress	-	-	1,304,858	1,304,858
Total Expenditures	36,779,826	954,035	9,550,214	47,284,075
Excess of Revenues Over (Under) Expenditures	(2,978,963)	1,209,142	(1,833,534)	(3,603,355)
Other Financing Sources (Uses)				
Gain on asset disposal	89,059	-	-	89,059
Capital leases proceeds	20,773	-	-	20,773
Proceeds insurance	5,186	-	-	5,186
Transfers In	6,269,955	-	254,154	6,524,109
Transfers (out)	(2,559,959)	(1,159,690)	(3,574,726)	(7,294,375)
Total Other Financing Sources (Uses)	3,825,014	(1,159,690)	(3,320,572)	(655,248)
Net Change in Fund Balances	846,051	49,452	(5,154,106)	(4,258,603)
Fund Balances Beginning of Year	7,413,990	175,017	5,069,477	12,658,485
Fund Balances End of Year	\$ 8,260,041	\$ 224,470	\$ (84,629)	\$ 8,399,882

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

KOOTENAI COUNTY, IDAHO
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2003

Net Change in Fund Balances - Total Governmental Funds (\$4,258,603)

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

Property taxes collected more than sixty days after the County's fiscal year ends; are not considered "available" revenues in the governmental funds. 119,362

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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.
 (\$2,899,388 – 1,478,579) 1,420,809

Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. (20,773)

Insurance proceeds provide current financial resources to governmental funds. This is the amount by which insurance proceeds exceeded repayments. (5,186)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest	(64,224)	
Compensated Absences	<u>(279,472)</u>	
Total		<u>(343,696)</u>

Total Change in Net Assets of Governmental Activities as shown on the Statement of Activities (3,088,087)

KOOTENAI COUNTY, IDAHO
Statement of Net Assets
Solid Waste Proprietary Fund
September 30, 2003

	2003	2002
Assets		
Current Assets:		
Cash and cash equivalents	\$ 8,710,001	\$ 7,379,090
Delinquent taxes	230,843	248,820
Accounts receivable, (net)	1,140,857	1,073,698
Interest receivable	8,261	9,125
Due from other funds	583,809	605,609
Due from other governments		
Total Current Assets	10,673,771	9,316,342
Noncurrent Assets:		
Restricted Assets:		
Cash held for closure and post closure	3,249,383	2,912,000
Other Assets:		
Note issuance costs, (net)	-	18,279
Capital Assets:		
Land	986,213	449,657
Depreciable capital assets, (net)	12,968,088	13,197,203
Construction in progress	533,245	72,368
Total Noncurrent Assets	17,736,929	16,649,507
Total Assets	28,410,700	25,965,849
Liabilities		
Current Liabilities:		
Accounts payable	341,708	235,975
Accrued payroll	25,279	19,733
Interest payable	-	6,277
Bonds payable due in one year	-	845,000
Total Current Liabilities	366,987	1,106,985
Current Liabilities Payable from Restricted Assets:		
Landfill closure liability	3,249,383	2,912,000
Total Current Liabilities Payable from Restricted Assets	3,249,383	2,912,000
Long-Term Liabilities:		
Compensated absences payable	154,661	137,046
Total Long-Term Liabilities	154,661	137,046
Total Liabilities	3,771,031	4,156,031
Net Assets		
Invested in capital assets, net of related debt	2,829,851	1,437,052
Restricted for: landfill closure	3,249,383	2,912,000
Unrestricted	18,560,435	17,460,766
Total Net Assets	\$ 24,639,669	\$ 21,809,818

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

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Solid Waste Proprietary Fund
For the Year Ended September 30, 2003

	Business-type activity	
	2003	2002
Operating Revenues		
Charges for services	\$ 7,773,726	\$ 7,492,618
Miscellaneous	32,435	7,968
Total Operating Revenues	7,806,161	7,500,586
Operating Expenses		
Personal services	1,420,494	1,385,480
Professional services	1,295,329	1,392,037
Utilities	65,449	75,469
Materials and supplies	470,598	403,037
Maintenance and repairs	119,663	123,428
Other services and expenses	196,755	144,949
Depreciation and amortization	1,113,672	1,849,009
Capital Outlay	(418,020)	(816,959)
Landfill closure and post closure expense	337,383	764,000
Construction in progress	460,877	789,083
Total Operating Expenses	5,062,200	6,109,533
Operating Income	2,743,961	1,391,053
Non-Operating Revenues (Expenses)		
Intergovernmental revenues	6,432	-
Interest and investment revenue	406,228	496,930
Miscellaneous revenue	92,100	1,258
Interest expense	(13,580)	(51,654)
Gain on sale of fixed assets	13,826	-
Miscellaneous expense	-	(896)
Total Non-Operating Revenues	505,006	445,638
Income before Capital Contributions, and Transfers	3,248,967	1,836,691
<i>Transfers:</i>		
Transfers In	-	721
Transfers Out	(419,116)	(400,361)
Increase in Net Assets	2,829,851	1,437,051
Net Assets Beginning of Year	21,809,818	20,372,767
Net Assets End of Year	\$ 24,639,669	\$ 21,809,818

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

KOOTENAI COUNTY, IDAHO
Statement of Cash Flows
Proprietary Fund and Component Units
September 30, 2003 (with comparative totals for 2002)

	Proprietary Fund		Component Units	
	Solid Waste		County Fair	KCEMSS
	2003	2002	As of Dec. 31, 2002	As of Sept. 30, 2003
Increase (Decrease) in Cash and Cash Equivalents	1,330,911	877,875	5,592	549,166
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 7,724,544	\$ 7,393,729	\$ 590,686	\$ 1,767,030
Other Cash Receipts	38,867	7,968		39,119
Cash Payments to Employees	(1,397,333)	(1,352,783)	(225,373)	(252,003)
Cash Payments for Goods and Services	(2,042,061)	(2,329,166)	(355,597)	-
Payments for contracts	-	-	-	(2,164,544)
Payments for insurance	-	-	-	(14,157)
Payments for legal and accounting	-	-	-	(21,881)
Internal Activity - payments from other funds	22,664	(307,185)		
Other receipts	(6,277)	(6,692)	-	(461,322)
Net Cash Provided by (Used in) Operating Activities	4,340,404	3,405,871	9,716	(1,107,758)
Cash Flows from Noncapital Financing Activities				
Tax transmittal receipts from County	-	-	108,400	2,120,344
Tax revenue anticipation note	-	-	-	789,726
Transfers In	(419,116)	(399,640)	-	-
Net Cash provided (used) by noncapital financing activities	(419,116)	(399,640)	108,400	2,910,070
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	(1,906,568)	(1,000,890)	(111,061)	(33,061)
Principal paid on bonds	(845,000)	(810,000)	-	-
Interest paid on capital bonds	(13,580)	(51,654)	-	-
Landfill Closure and post-closure costs	(337,383)	(764,000)	-	-
Deposit on vehicle	-	-	-	(58,650)
Principal paid on capital debt and leases	-	-	(5,369)	(1,147,081)
Interest paid on capital debt and leases	-	-	(1,024)	(52,768)
New long term borrowings	-	-	-	31,790
Insurance Proceeds	92,100	1,258	-	-
Other misc payments	13,826	-	-	-
Net Cash (Used in) Capital and Related Financing Activities	(2,996,605)	(2,625,286)	(117,454)	(1,259,770)
Cash Flows from Investing Activities				
Interest on Investments	406,228	496,930	4,930	6,624
Net cash provided by investing activities	406,228	496,930	4,930	6,624
Net Increase in Cash and Cash Equivalents	1,330,911	877,875	5,592	549,166
Cash and Cash Equivalents Beginning of Year	7,379,090	6,501,215	205,180	51,116
Cash and Cash Equivalents End of Year	\$ 8,710,001	\$ 7,379,090	\$ 210,772	\$ 600,282

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

KOOTENAI COUNTY, IDAHO
Statement of Cash Flows
Proprietary Fund and Component Units
September 30, 2003 (with comparative totals for 2002)

	Proprietary Fund		Component Units	
	Solid Waste		County Fair	KCEMSS
	2003	2002	As of Dec. 31, 2002	As of Sept. 30, 2003
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	2,750,393	1,390,157	(65,804)	(493,556)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,113,672	1,849,009	65,094	124,577
Loss on disposal of asset	42,857	-	-	-
(Increase) Decrease in Assets:				
Accounts Receivable	(49,182)	(98,889)	5,673	(124,496)
Interest Receivable	864	13,924	-	-
Due from other funds	21,800	(321,109)	-	-
Penalties receivable	-	-	-	35,891
Increase (Decrease) in Liabilities:				
Accounts Payable	105,733	(217,226)	5,101	(29,587)
Contracts Payable	-	-	-	(603,544)
Accrued Wages	5,546	9,199	(348)	(9,362)
Compensated Absences Payable	17,615	23,498	-	-
Interest Payable	(6,277)	(6,692)	-	-
Landfill Closure/post-closure Liability	337,383	764,000	-	-
Other Accrued liabilities	-	-	-	(7,681)
Net Cash Provided by (Used in) Operating Activities	\$ 4,340,404	\$ 3,405,871	\$ 9,716	\$ (1,107,758)
Non-cash Transactions				
Equipment			\$ 185,706	
Equipment loan			\$ (185,706)	

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

KOOTENAI COUNTY, IDAHO
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2003

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash in bank and investments	\$ 3,736,926	\$ 1,759,657
Receivables:		
Taxes delinquent	18,386	4,872,862
Accounts receivable	2,833	437,321
Due from other governments	464,192	-
Total Assets	\$ 4,222,337	\$ 7,069,840
Liabilities		
Accounts payable	\$ 17,044	\$ -
Deferred compensation payable	1,763,842	-
Deferred property tax revenue	1,303,734	-
Due to other Governments	-	3,156,228
Due to other individuals	5,762	3,144
Due to other taxing districts	-	3,910,468
Total Liabilities	\$ 3,090,382	\$ 7,069,840
Net Assets		
Held in trust for other purposes	\$ 1,131,955	

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

KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2003

	Private-Purpose Trust Funds
	2003
Additions	
Trust receipts	\$ 2,232,833
Operating transfers in	127,377
Total Additions	2,360,210
Deductions	
Trust turnovers	1,776,674
Operating transfers out	127,377
Total Deductions	1,904,051
Increase in Net Assets	456,159
Net Assets Beginning of Year	675,796
Net Assets End of Year	\$ 1,131,955

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

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2003

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Taxes	\$ 17,285,821	\$ 17,285,821	\$ 17,173,438	\$ (112,383)
Tax related charges	12,000	12,000	(28,245)	(40,245)
Licenses and permits	1,058,400	1,058,400	1,136,901	78,501
Intergovernmental	6,258,820	6,258,820	6,729,449	470,629
Interest	730,000	730,000	386,574	(343,426)
Fines and forfeitures	153,000	153,000	261,961	108,961
Charges for services	7,687,723	7,687,723	8,000,501	312,778
Miscellaneous	2,116,010	2,116,010	140,284	(1,975,726)
Total Revenues	35,301,774	35,301,774	33,800,863	(1,500,911)
Expenditures				
Current:				
General government	20,200,104	20,200,104	19,019,013	1,181,091
Public safety	17,089,513	17,089,513	16,115,360	974,153
Health & welfare	112,431	112,431	129,092	(16,661)
Culture and recreation	74,954	74,954	11,704	63,250
Capital projects	550,296	550,296		550,296
Debt Service:				
Principal retirement	833,970	833,970	668,005	165,965
Interest expense	-	-	187,000	(187,000)
Capital outlay:				
Capital expenditures	-	-	649,652	(649,652)
Construction in progress	70,000	70,000		70,000
Total Expenditures	38,931,268	38,931,268	36,779,826	2,151,442
Excess of Revenues Over (Under) Expenditures	(3,629,494)	(3,629,494)	(2,978,963)	650,531
Other Financing Sources (Uses)				
Gain/(Loss) on asset disposal	3,000	3,000	89,059	86,059
Capital leases proceeds	-	-	20,773	20,773
Proceeds insurance	-	-	5,186	5,186
Transfers In	6,788,375	6,788,375	6,269,955	(518,420)
Transfers (out)	(3,161,881)	(3,161,881)	(2,559,959)	601,922
Total Other Financing Sources (Uses)	3,629,494	3,629,494	3,825,014	195,520
Net Change in Fund Balances	-	-	846,051	846,051
Fund Balances Beginning of Year	7,413,990	7,413,990	7,413,990	-
Fund Balances End of Year	\$ 7,413,990	\$ 7,413,990	\$ 8,260,041	\$ 846,051

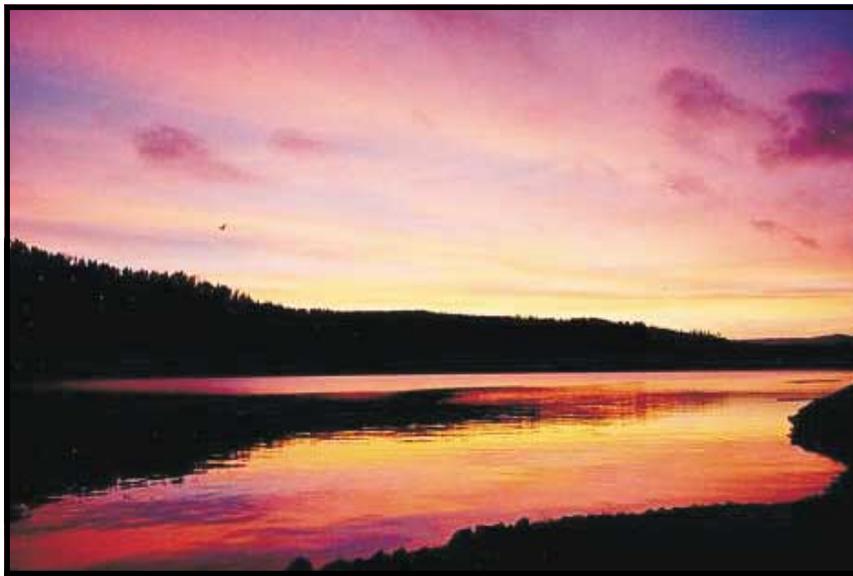
The notes to the financial statements are an integral part of this statement.

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Kootenai County Emergency Management Special Revenue Fund
For the Year Ended September 30, 2003

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,095,437	\$ 1,095,437	\$ 2,151,228	\$ 1,055,791
Tax related charges	-	-	47,200	47,200
Licenses and permits	20,000	20,000	29,882	9,882
Intergovernmental	20,000	20,000	35,288	15,288
Charges for services	-	-	20	20
Miscellaneous	-	-	-	-
Total Revenues	1,135,437	1,135,437	2,263,618	1,128,181
Expenditures				
Current:				
Public safety	1,135,437	1,135,437	942,834	192,603
Debt Service:				
Interest expense	-	-	11,201	(11,201)
Total Expenditures	1,135,437	1,135,437	954,035	181,402
Excess of Revenues Over (Under) Expenditures	-	-	1,309,583	1,309,583
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers (out)	-	-	(1,159,690)	(1,159,690)
Total Other Financing Sources (Uses)	-	-	(1,159,690)	(1,159,690)
Net Change in Fund Balances	-	-	149,893	149,893
Fund Balances Beginning of Year	175,017	175,017	175,017	-
Fund Balances End of Year	\$ 175,017	\$ 175,017	\$ 324,910	\$ 149,893

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

Notes to Financial Statements



KOOTENAI COUNTY, IDAHO
Notes To The Financial Statements
September 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of KOOTENAI COUNTY, IDAHO (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In June 1999, the GASB issued and approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. These statements establish new financial reporting requirements for state and local governments, public colleges, and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Certain significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section provides an analysis of the County's overall financial position and results of operations.
- Financial statements prepared using the full accrual accounting method for all County activities, including infrastructure (roads, bridges, etc.).

These and other changes are reflected in the County's financial statements (including notes to the financial statements). The County has elected to implement these standards and the general provisions of the *Statement* during the fiscal year ended September 30, 2003. Following are the more significant of the County's accounting policies.

A. Financial Reporting Entity

Kootenai County is governed by a three member Board of County Commissioners (BOCC) elected by the voters of Kootenai County. The BOCC serves as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other elected officials are the Prosecutor, Treasurer, Clerk/Auditor, Assessor, Sheriff, Coroner, three District Judges, and five Magistrate Judges.

The elected officials and their departments comprise the primary government unit for Kootenai County. As required by generally accepted accounting principles (GAAP), the financial statements of the reporting entity include those of Kootenai County (the primary government) and two component units, the Kootenai County Fair and the Kootenai County Emergency Medical Services System. Both entities are included as discretely presented component units in the reporting entity because of the significance of their financial relationship with the County, as discussed below in the component unit section.

Discretely presented component units: Kootenai County Fair, and Kootenai County Emergency Medical Services System

In conformity with generally accepted accounting principles, the basic financial statements of the Kootenai County Fair and the Kootenai County Emergency Medical Services System (KCEMSS) have been included in the financial reporting entity as discretely presented component units, emphasizing their nature as legally separate entities from the County. We present these component units as separate columns within the "basic" financial statements on the combined financial statements.

The Kootenai County Fair is included as a component unit because Kootenai County maintains financial accountability. The Kootenai County Board of County Commissioners (BOCC) appoints all members of the County Fair Board. Furthermore, the BOCC has the authority to modify or approve the annual budget of the Fair. In addition, the County has assumed secondary responsibility for debt of the County Fair.

The Board of County Commissioners approves the annual KCEMSS operating budget, and is responsible for levying the balance necessary to fund the approved budget under the Emergency Medical Services Levy. Additionally, the County Commission appoints a member to the Joint Powers Board, the KCEMSS governing body.

Complete financial statements of the Kootenai County Fair and KCEMSS are available directly from the administrative offices at the following addresses, respectively:

Kootenai County Comprehensive Annual Financial Report - FY 2003

Kootenai County Fair
N. 4060 Government Way
Coeur d'Alene, ID 83814

KCEMSS
P.O. Box 2823
Post Falls, ID 83877

Both the County Fair and KCEMSS operate similar to private enterprises. Accordingly, we use enterprise funds to account for these operations (enterprise funds use the accrual basis of accounting and the flow of economic resources measurement focus.) The County Fair fiscal year runs from January 1 through December 31, while the KCEMSS fiscal year runs parallel to the County's.

Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial position.

B. Government-wide and Fund Financial Statements

Government-wide Statements

The County uses government-wide financial statements to report its financial position and the results of operations. The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its discretely presented component units. (For the most part the effect of inter-fund activity has been removed from these statements.) Primary government activities are distinguished between governmental and business-type activities. Government activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business activities are financed in whole or in part by fees charged to external parties for goods or services.

Statement of Net Assets

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets: invested in capital assets, net of debt; restricted net assets; or unrestricted net assets.

Invested in Capital Assets, Net of Related Debt, consists of capital assets net of accumulated depreciation and reduced by outstanding debt.

Restricted Net Assets result when constraints placed on net assets use are imposed by third parties, through constitutional provisions, or enabling legislation. Expense allocation decisions are made on a program-by-program basis when both restricted and unrestricted net assets are available. Restricted net asset balance will fluctuate as related accounting transactions occur.

Unrestricted Net Assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets may have constraints or designations placed upon them by management, but they can be unilaterally removed.

Statement of Activities

The Statement of Activities demonstrates the degree to which the direct expenses of governmental functions, business-type activities, and component units are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific governmental function, business-type activity, or component unit. Revenues are broken out by program and general designations. Program revenues display the extent to which programs are self-funded. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, activity, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources that are not attributable to specific programs are shown as general revenues.

Fund Statement

The financial activities of the County are recorded in individual funds. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statement. The remaining governmental and business-type funds are considered to be Non-major funds and are consolidated in a Non-major funds column (on the combined fund statements). The Non-major funds are displayed individually in combining schedules.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for services that include general government, public safety and correction, and liability and health insurance. The General Fund includes all financial resources of the general government except those required to be accounted for in another fund.

The Kootenai Emergency Management Service fund accounts for the provision of paramedic services and ambulance district support for the residents of Kootenai County.

The County reports the following major proprietary fund:

The Solid Waste fund accounts for the operation and maintenance of the county's solid waste disposal and landfill.

Additionally, the County reports the following fund types:

Governmental Fund Types:

Governmental funds account for the County's general activities, including current expendable financial resources (except for those accounted for in proprietary funds), and are those through which most governmental functions of the County are financed. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's governmental fund types:

General Fund~ The general fund is the government's primary operating fund. It accounts for all financial resources except those meeting the requirements for accounting in another fund.

Special Revenue Funds~ Special revenue funds account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Capital Project Funds~ Capital project funds account for financial resources used for the acquisition or construction of major capital assets (other than those financed by proprietary funds).

Proprietary Fund Types:

Proprietary funds account for ongoing organizations and activities of a government, which are similar to those found in the private sector. The measurement focus is upon the determination of net income. Kootenai County has one proprietary fund type, an enterprise fund used to account for solid waste disposal activities.

Enterprise Funds~ Enterprise funds account for operations that meet one of two criteria. (1) The activity runs in a manner similar to private business enterprises. Moreover, the intent of the governing body is that the ongoing operating costs (including depreciation) of providing goods or services to the public are financed or recovered primarily through user charges. (2) Where the governing body has decided that periodic determination of

revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types:

Fiduciary funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The reporting focus is on net assets and changes in net assets.

Trust and Agency Funds~ Expendable trust funds account for funds held in a trustee capacity. The accounting is essentially the same manner used for governmental funds. Agency funds are purely custodial in nature (assets = liabilities) thus do not involve measurement of the results of operations.

C. 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 and fiduciary 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 County generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues accrued at the end of the year include intergovernmental revenues (including state and federal grants) and charges for current services. Other revenues including licenses, permits, fines, forfeitures, and miscellaneous are not measurable until received; therefore, recognition occurs upon collection. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, claims and judgments, are recorded when payment is due. Expenditure recognition occurs in the accounting period in which we incur the liability if measurable. Principal and interest on general long-term debt are recognized as fund liabilities when due, or when amounts have been accumulated (if appropriate) in a debt service fund for payments to be made in the following year.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants 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.

Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, as we meet both revenue recognition criteria, this triggers the revenue entry and reduces the deferred revenue liability.

The proprietary fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital, if applicable, and retained earnings components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total assets. The County follows all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, except those that conflict with pronouncements of the Governmental Accounting Standards Board, in accounting and reporting for its enterprise fund operations.

The proprietary fund is accounted for using the accrual basis of accounting. Revenue recognition occurs in the accounting period in which they are both earned and become measurable. Expenditure recognition is in the period incurred, if measurable.

The proprietary fund distinguishes operating revenues and expenses as the revenues and expenses generally resulting from provision of services in connection with the operation of waste disposal. Operating expenses for the enterprise fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes:

The County levies property taxes on or before the third Monday in September and billings are sent to the taxpayers in November. The taxes are due in two installments. One-half of the real property taxes and all of the personal property taxes are due by December 20. The remainder is due by the following June 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment role as delinquent on the first day of January of the succeeding year. In accordance with applicable GAAP standards, we record the property taxes collected within the sixty days following the fiscal year closing, as revenue for the period ending September 30. The related property tax levy occurred in the prior year(s). Deferred revenues include the balance of delinquent taxes, which are those not collected within the sixty-day period.

Budgetary Process:

The fiscal year for Idaho Counties begins on October 1, and runs through September 30 of the ensuing calendar year. By state law, the County is required to adopt annual budgets for all funds except trust and agency funds, and does so.

Kootenai County employs formal budgetary accounting as a management control. The BOCC adopts the annual budget via resolution and formally integrates the budget into the accounting system. The annual budget is prepared and adopted in a manner consistent with generally accepted accounting principles. Budgets for governmental funds are prepared in accordance with the modified accrual basis, which is the same accounting basis used to reflect actual revenues and expenditures. The enterprise fund budget is prepared on the accrual basis of accounting, which is the same basis that we use to recognize revenues and expenses.

The level of budgetary control at which expenditures may not exceed appropriations is the department level. Management can revise the budget to meet unanticipated events, but not increase the overall budget after adoption. The one budget revision exclusion is the transfer of funds between personnel and non-personnel costs. The County may only increase the total appropriations budget through the receipt of unanticipated revenue. Budget increases can only occur after advertising the proposed change, holding a public hearing, and a subsequent resolution of the BOCC.

All appropriations, other than appropriations for incomplete capital improvements, lapse at the end of the fiscal year. Appropriation accounts remain open until the first Monday in November for the payment of claims incurred against such appropriations before the close of the fiscal year. Payment of any lawful claim presented after that day comes out of the ensuing budget.

All balances in any appropriation for incomplete capital improvements carry forward and integrate into the budget for the ensuing year.

For the year ending September 30, 2003, there was one supplemental appropriation for unanticipated revenue received over the course of the fiscal year totaling \$2,396,978.

D. Assets, Liabilities, and Net Assets or Equity

D-1. Deposits and investments:

The County's cash in bank, cash equivalents, and investments include balances in bank accounts, petty cash, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash in bank, cash equivalents are generally considered short-term, highly liquid investments for both the County, as well as for its Component Units (Kootenai County Fair and Kootenai County Emergency Medical Services System), and are reported at fair value.

State statutes authorize the County to invest in obligations of the US Treasury, commercial paper, certificates of deposit, mutual funds, and the State Treasurer's Local Government Investment Pool (LGIP).

The County's cash in bank, cash equivalents, and investment balances of substantially all funds, including the Proprietary Fund, are pooled (Idaho State Treasurer's Investment Pool) and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Except for separate cash and investment accounts maintained in accordance with legal restrictions. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the investment pool at September 30, 2003, is the same as the fair value of the pool shares.

D-2. Receivables and payables

Due from/to other funds consist of receivables and payables for activities between funds of the County. See Note 19 for inter-fund activity schedule.

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Receivables in the General Fund consist primarily of fees for services and property tax. Business-type activities receivable are reported net of an allowance for doubtful accounts. Business-type receivables occur as part of the ordinary course of business.

D-3. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment, construction in progress, and other assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets with an initial, individual cost of more than \$1,000 and an estimated useful life of more than one year are capitalized. The costs of normal repairs and maintenance that do not add to the asset's utility or materially extend an asset's useful life are not capitalized.

Capital assets are recorded at historical cost or estimated historical cost, if actual cost is not available. The capital asset values were originally determined as of September 30, 1989 by assigning original acquisition costs when such information was available. In cases where information supporting original cost was not available, estimated historical costs were developed. We have calculated the estimates for some capital assets by indexing estimated current costs back to the estimated year of acquisition.

Donated capital assets are recorded at the estimated fair value at the date of donation and revenue is recognized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of business-type activities is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported. These assets are provided through the operations of other governmental entities which retain responsibility for their maintenance and therefore, not included in the County financial statements.

All capital assets, with the exception of land, right of ways, construction in progress, and arts and historical treasures (other assets), are depreciated. Depreciation is calculated using the straight-line method over the useful lives of the assets. These assets are depreciated on the following basis:

<u>Description</u>	<u>Estimated Life</u>
Buildings and Structures	15-30 years
Machinery and Equipment	5-7 years
Vehicles	5 years

D-4. Compensated Absences:

Government Accounting Standards Board codification specifies that a liability should be accrued for leave benefits that meet the following conditions:

1. The employer's obligation relative to employee rights to receive compensation for future absences is attributable to employee services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the obligation is probable.
4. The amount can be reasonably estimated.

The County records a liability for accrued vacation and sick time when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The County uses the vesting method to calculate the compensated absence liability.

In proprietary funds, compensated absences are expended when earned. The entire amount of compensated absences is reported as a liability.

At September 30, 2003, total compensated absences payable by the County is \$3,067,491. Of this amount, \$2,912,829 arises from governmental activity operations, and \$154,662 is attributable to business activity operations.

D-5. Long-term obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund

type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Long-term liabilities to be repaid or financed by proprietary fund operations are accounted for in the proprietary fund.

D-6. Prepayments and deferrals:

The County utilizes the non-allocation method of accounting for prepayments and deferrals. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

D-7. Capitalization of interest:

County policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. Capitalized interest is amortized over the estimated useful life of the asset on the same basis as the asset.

D-8. Fund equity:

The difference between fund assets and fund liabilities is called fund equity. For governmental and fiduciary fund types the equity position is called fund balance, while for proprietary fund types that operate on a business basis it is called retained earnings. Contributed capital is also recorded in proprietary funds which represents cash from other funds. Restrictions of fund equity identify assets that are not available for appropriation in the following year or are legally segregated for specific future uses. See footnote 20 for the detailed Restricted Fund Equity schedule.

D-9. Inter-fund transactions:

During the course of normal operations, the County has transactions between funds. The most significant types are operating transfers, reimbursements, and residual equity transfers.

1. *Operating Transfers*~ Operating transfers are transfers of resources from one fund to another fund, where the resources will be expended.
2. *Reimbursements*~ Reimbursements from one fund to another are expended in the reimbursing fund; and reduce the expenditures/expenses of the fund being reimbursed.
3. *Residual Equity Transfer*~ Residual equity transfers are non-recurring and non-routine transfers of equity between funds, or the transfer of residual balances of discontinued funds or projects to the general fund, capital projects funds, or debt service funds.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

D-10. Comparative data/reclassifications:

Comparative total data for the prior year have been presented only for Kootenai County's Enterprise Fund, Solid Waste Fund, in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of the Solid Waste Fund. Also, certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund statements include reconciliations between the fund statements and the government-wide statements. Differences that make reconciliations necessary include the two differing measurement focuses and basis of accounting between the statements.

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

The governmental fund balance includes reconciliations 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 capital leases payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$40,504,083 difference are as follows:

Capital Leases - current balances as of 9/30/03

Equipment leases	\$ 998,392	
Facility leases	<u>9,485,073</u>	
<i>Total Capital Leases</i>		\$ <u>10,483,465</u>
Compensated Absences		2,912,829
Accrued interest payable - equipment and facility leases		<u>64,224</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>		\$ <u><u>13,460,518</u></u>

B. 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. 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 as depreciation expense. The details of this \$1,420,809 difference are as follows:

Capital outlay	\$ 2,899,388
Depreciation expense	<u>(1,478,579)</u>
<i>Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities</i>	\$ <u><u>1,420,809</u></u>

Capital lease proceeds provide current resources to governmental funds, but issuing debt increase long-term liabilities in the statement of net assets. Repayment of lease principal is an expenditure of the governmental funds, but repayment reduces long-term liabilities in the statement of net assets. The amount by which proceeds exceeded repayments is \$(20,773).

Property taxes in the amount of \$119,362 collected more than sixty days after the County's fiscal year ends; are not considered "available" revenues in the governmental funds.

Insurance proceeds provide current financial resources to governmental funds. The amount by which insurance proceeds exceed prepayments is \$(5,186).

Another element of the reconciliation states the "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds" The details of this \$(343,696) difference are as follows:

Compensated absences	\$ (279,472)
Accrued interest	<u>(64,224)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u><u>(343,696)</u></u>

NOTE 3: DEPOSITS AND INVESTMENTS

3-A. Summary of Deposit and Investment Balances:

Following is a reconciliation of the County's deposit and investment balances as of September 30, 2003:

	Cash in bank , cash equivalents and Investments		Other	Total
Bank Deposits	\$ 4,981,086	\$ -	\$	4,981,086
Investments	3,981,399	17,559,815		21,541,214
Total	\$ 8,962,485	\$ 17,559,815	\$	26,522,300

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash in bank and investments	\$ 17,776,333	\$ 5,496,584	\$ 23,272,917
Restricted assets (noncurrent)	3,249,383	-	3,249,383
Total	\$ 21,025,716	\$ 5,496,584	\$ 26,522,300

3-B. Cash Deposits:

The County's carrying amount for cash deposits was \$4,981,086 as of September 30, 2003, and the bank balance per bank statement was \$26,522,300. Of the bank balance, \$26,493,351 is covered by federal depository insurance or directly collateralized by bank investments or assets. Of the remaining balance, \$28,949 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The carrying amount of deposits for the Kootenai County Fair, a discretely presented component unit, was \$210,772 as of December 31, 2002, and the bank balance was \$221,325. Of the bank balance, \$189,539 was covered by federal depository insurance or by collateral held by Kootenai County Fair's agent in its name. The remaining balance of \$31,786 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Kootenai County Fair's name.

The carrying amount of deposits for the Kootenai County Emergency Medical Services System (KCEMSS), another discretely presented component unit, was \$600,282 as of September 30, 2003, and the bank balance was \$736,853. Of the bank balance, \$581,562 was covered by federal depository insurance or by collateral held by KCEMSS's agent in its name. The remaining balance of \$155,291 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the KCEMSS's name.

3-C. Investments:

Three classifications of risk assessments have been developed by the GASB to disclose the various credit risks associated with the investment of public money. The County uses the following credit risk investment categories as an indication of the level of risk assumed as of fiscal year end:

1. Investments insured and registered, or securities held by the County or an agent in the County's name.
2. Investments are uninsured and unregistered with securities held by the counter-party's trust department or agent in the County's name.
3. Investments are uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent, but not in the County's name.

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At fiscal year end, the County's total fair value of Investments by Primary Government were as follows:

	Category 1	Category 2	Reported Amount/ Fair Value
U.S Government Securities	\$ 2,217,557	\$ -	\$ 2,217,557
Investments not subject to categorization due to their nature:	\$ 2,217,557	\$ -	2,217,557
Deferred Compensation (401K) mutual fund			1,763,842
Idaho State Treasurer's Investment Pool			17,559,815
Total investments			<u>\$ 21,541,214</u>

NOTE 4: RECEIVABLES

Receivables as of year end for the county's major funds and Non-major, and business activities in the aggregate, including applicable allowances for doubtful accounts, are as follows:

	Interest	Accounts	Taxes	Grants Receivable	Leases Receivable	Total Receivables
Governmental Activities:						
General	\$ 11,794	\$ 1,321,151	\$ 1,091,955	\$ 350,666	\$ 239,000	\$ 3,014,566
KC Emergency Management Services	-	13,157	110,168	-	-	123,326
Non-major funds	112	58,115	228,714	236,580	-	523,521
Total - governmental activities	<u>\$ 11,906</u>	<u>\$ 1,392,423</u>	<u>\$ 1,430,838</u>	<u>\$ 587,246</u>	<u>\$ 239,000</u>	<u>\$ 3,661,413</u>
Business-type activities:						
Solid Waste	\$ 8,261	\$ 1,197,941	\$ 230,843	\$ -	\$ -	\$ 1,437,045
Less: allowance for doubtful accounts	-	(57,084)	-	-	-	(57,084)
Total business-type activities	<u>\$ 8,261</u>	<u>\$ 1,140,857</u>	<u>\$ 230,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,379,961</u>

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2003 was as follows:

Governmental Activities	Balance 10/1/02	Additions	Deletions	Balance 9/30/03
Capital assets, not being depreciated:				
Other Assets	\$ 41,500	\$ 30,003	\$ -	\$ 71,503
Land	2,659,029	1,368,846	(202)	4,027,673
Construction in progress	15,929,218	1,319,323	(15,732,936)	1,515,605
Total capital assets, not being depreciated	18,629,747	2,718,172	(15,733,138)	5,614,781
Capital assets, being depreciated:				
Buildings	26,967,841	11,541,048	(2,931,614)	35,577,276
Improvements other than buildings	8,831,81	4,536,388	-	13,368,198
Machinery and equipment	15,096,684	1,034,210	(539,466)	15,591,427
Total capital assets, being depreciated	50,896,335	17,111,646	(3,471,080)	64,536,901
Less accumulated depreciation for:				
Buildings	(8,206,973)	(1,661,109)	-	(9,868,082)
Improvements other than buildings	(4,808,269)	(799,188)	-	(5,607,457)
Machinery and equipment	(11,548,330)	(597,979)	481,336	(11,664,973)
Total accumulated depreciation	(24,563,572)	(3,058,276)	481,336	(27,140,512)
Total capital assets, being depreciated, net:	26,332,763	14,053,370	(2,989,744)	37,396,389
Government activity capital assets, net:	\$ 44,962,510	\$ 16,771,542	\$ (18,722,882)	\$ 43,011,170
Business-type Activities	Balance 10/1/02	Additions	Deletions	Balance 9/30/03
Capital assets, not being depreciated:				
Land	\$ 449,657	\$ 536,556	\$ -	\$ 986,213
Construction in progress	72,369	-	-	72,369
Total capital assets, not being depreciated	522,026	536,556	-	1,058,582
Capital assets, being depreciated:				
Buildings	182,753	-	-	182,753
Improvements other than buildings	18,247,206	472,919	-	18,720,125
Machinery and equipment	5,407,089	897,094	(145,272)	6,158,911
Total capital assets, being depreciated	23,837,048	1,370,013	(145,272)	25,061,789
Less accumulated depreciation for:				
Buildings	(149,796)	(10,269)	-	(160,065)
Improvements other than buildings	(6,574,558)	(537,222)	-	(7,111,780)
Machinery and equipment	(3,915,492)	(547,901)	102,415	(4,360,979)
Total accumulated depreciation	(10,639,846)	(1,095,392)	102,415	(11,632,824)
Total capital assets, being depreciated, net:	13,197,202	274,621	(42,857)	13,428,965
Business-type activities capital assets, net:	\$ 13,719,228	\$ 811,177	\$ (42,857)	\$ 14,487,547

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Depreciation expense was charged to current functions of the primary government as follows:

Governmental Activities:	
General Government	\$ 1,197,899
Public Works	939,172
Public Safety	816,900
Sanitation	5,872
Health and Welfare	4,896
Culture and Recreation	93,536
Capital Project	-
Total governmental activities current year depreciation expense	<u>\$ 3,058,275</u>
Business-type activity:	
Solid Waste	<u>\$ 1,095,392</u>
Total business-type activities current year depreciation expense	<u>\$ 1,095,392</u>

The above tables summarize all general government and business type fixed assets and accumulated depreciation as of September 30, 2003.

To comply with the new GASB 34 accounting criteria beginning balances were reclassified as follows: general government's beginning balance of Improvements Other than Buildings was decreased and the beginning balance of Construction in Progress was increased by \$4,703,783 for construction projects in progress. General Fixed Assets that are not depreciable of \$41,500 were reclassified as Other Assets and removed from Machinery and Equipment. An Accumulated Depreciation adjustment in the amount of \$24,563,572 was posted as of 10/1/2002 to cover previous years' depreciation.

The beginning balance of the general fixed assets has been adjusted by \$65,747 to reflect donations and additional assets discovered during a physical inventory.

The County Campus land on Northwest Boulevard was purchased at a cost of \$520,050 as part of the Remax Building purchase. Land for the Airport was purchased at a cost of \$828,484.

The Construction in Progress projects included expenditures during fiscal year 2003 totaling \$1,319,323. For the current fiscal year Airport construction costs were \$1,091,376 and Waterway project costs were \$148,672. A number of construction projects were completed in 2003 and added to Buildings and Improvements Other than Buildings.

Buildings were increased by the Work Release Facility and the Jail Expansion project begun in fiscal 2000 and completed in 2003. Costs associated with the project were removed from Construction in Progress and added to Buildings. The costs for this project totaled \$1,397,106 and \$9,808,725, respectively. Construction costs for the Work Release Facility for this fiscal period were \$12,637. Construction costs for the Jail Expansion for this fiscal period were \$7,971 of which \$3,641 was transferred to machinery and equipment. The Resort Sales tax and other county resources funded the costs associated with this project. The Remax Building costing \$331,576 was part of the land purchase on Northwest Boulevard. The component unit's buildings were removed from the county inventory and will be accounted for by the Kootenai County Fair Grounds.

Improvements Other than Buildings were increased by the completion of the Airport Improvement Projects 18/19 and the Twin Lakes Improvement Project. Both projects began in 2001 and were completed in 2003. Costs associated with the projects were removed from Construction in Progress and added to Improvements Other than Buildings. The costs totaled \$4,409,502 and \$113,960, respectively.

Construction costs for the Airport Improvement Projects 18/19 for this fiscal period of \$28,671 are included in the final project total. These projects were funded by current program resources and state grant funds.

The enterprise fund for solid waste incurred capital expenditures during fiscal year 2003 totaling \$1,906,569. The outlay included: \$472,919 for the Ramsey Transfer Station's engineering and construction costs; Land purchase for a Northern Transfer Station for \$536,556; and machinery and equipment purchases totaling \$897,094. Asset disposals included \$70,272 of machinery and equipment and \$75,000 for a leachate evaporator tank that ruptured. The leachate evaporator tank was replaced at a cost of \$71,000 paid for with insurance proceeds.

Discretely presented component units

Activity for the Kootenai County Emergency Medical Services System for the year ended September 30, 2003, was as follows:

	Balance 10/1/02	Additions	Deletions	Balance 9/30/03
KCEMSS Component Unit Activity				
Capital assets, being depreciated:				
Machinery and equipment	\$ 60,771	\$ 117,727	\$ (37,875)	\$ 140,623
Vehicles	713,933	101,040	-	814,973
Total capital assets, being depreciated	774,704	218,767	(37,875)	955,596
Less accumulated depreciation for:				
Machinery and equipment	(33,527)	(9,356)	27,063	(15,821)
Vehicles	(440,669)	(115,220)	-	(555,889)
Total accumulated depreciation	(474,196)	(124,576)	27,063	(571,710)
Total capital assets, being depreciated, net	300,508	94,191	(10,812)	383,886
KCEMSS activity capital assets, net	\$ 300,508	\$ 94,191	\$ (10,812)	\$ 383,886

NOTE 6: BOND & NOTE ISSUANCE COSTS

Bond issuance costs of \$182,794 were recognized with the Solid Waste Refunding Bond, Series 1993. These costs are being amortized on a straight-line basis over the life of the bonds, beginning with the 1994 fiscal year and ending September 30, 2003.

NOTE 7: GENERAL LONG-TERM OBLIGATIONS

General long-term obligations of the County include lease installment purchase contracts and loan agreements (other debt service requirements) that are payable from specified revenues.

7-A. Long-term Obligation Activity:

During the year ending September 30, 2003, the following changes occurred in the liabilities reported in the general long-term debt account group:

	Balance 10/1/2002	Additions	Reductions	Balance 9/30/2003	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
Capital leases	\$ 10,942,590	\$ 1,120,380	\$ 1,579,505	\$ 10,483,465	\$ 1,678,537
Other Liabilities:					
Compensated Absences	2,633,357	279,472	-	2,912,829	279,472
Governmental activities long-term liabilities	\$ 13,575,947	\$ 1,399,852	\$ 1,579,505	\$ 13,396,294	\$ 1,958,009
BUSINESS-TYPE ACTIVITIES					
Compensated Absences	\$ 137,047	\$ 17,615	\$ -	\$ 154,662	\$ 17,615
Business-type activities long-term liabilities	\$ 137,047	\$ 17,615	\$ -	\$ 154,662	\$ 17,615

All payable compensated absences that are attributable to governmental activities are accounted for in the general long-term debt account group.

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7-B. Capital Leases:

The County leases equipment and buildings with a historical cost and accumulated amortization of \$16,657,490 and \$1,600,838, respectively, under capital lease arrangements. Capital equipment leases are arranged through lease financing agreements with Wells Fargo, Sterling Savings, U.S. Bank, Hewlett Packard, and Mountain West Bank. The arrangements provide for an initial down payment with annual payments varying from three to seven years, and fixed interest ranging from 4.39% to 6.62%.

Capital lease additions for equipment during the year ending September 30, 2003 were funded through lease purchase agreements with Panhandle Area Council and Mountain West Bank. These agreements provided additions to general long-term obligations, valued at cost, and totaling \$848,570. All additions to property, plant, and equipment are financed through current revenues.

The County has one lease purchase agreement through the Idaho Association of Counties Capital Finance Corporation and U.S. Bank for the lease of the Administration building. The lease includes a bargain purchase option of one dollar at the conclusion of each lease, with title transferring to the County.

Capital lease financing of \$3,590,705 was obtained for the construction of the administrative building to provide space for all service activities of the County. Interest is fixed at 6.06% for the term of the lease, which runs through 2007.

The schedule below is an analysis of assets under capital leases as of September 30, 2003:

	Governmental Activities	Capital Assets Under Capital Leases
Land	\$ 520,050	\$ 520,050
Buildings and Improvements	15,072,448	15,072,448
Machinery, Equipment, and Other	1,638,143	1,638,143
Total Capital Leases	\$ 16,710,591	\$ 16,710,591

7-C. Other General Long-Term Requirements:

As of September 30, 2003, the outstanding balance in general long-term obligations for the Jail Facility Tax Revenue Note is; \$6,935,938. The full faith and credit of the County back the debt. The County's Jail Facility Tax Revenue Note totaling \$9,500,000 was issued on August 8, 2000, bearing an annual fixed interest rate of 6.62%. Debt service for governmental activities is budgeted and expended from the fund to which the debt belongs. The majority of long-term debt belongs to the general fund, and is paid from that fund when due.

General Long-Term requirements on the Jail Facility Tax Revenue Note at September 30, 2003, were as follows:

Fiscal Year Ending Sept. 3	Governmental Activities		
	Principal	Interest	Total
2004	\$ 973,911	\$ 429,961	\$ 1,403,872
2005	1,040,376	363,495	1,403,871
2006	1,111,378	292,494	1,403,872
2007	1,187,225	216,647	1,403,872
2008	1,268,248	135,624	1,403,872
2009	1,354,800	49,074	1,403,875
Total	\$ 6,935,938	\$ 1,487,295	\$ 8,423,234

Obligations of governmental activities under capital leases as of September 30, 2003, were as follows:

Fiscal Year Ending September 30,	Governmental Activities
2004	\$ 2,248,013
2005	2,243,439
2006	2,130,877
2007	2,062,458
2008	1,879,910
2009	1,552,799
2010	148,924
2011	132,947
2012	77,724
2013	77,724
Total Minimum Lease Payments	12,554,815
Less: Amount Representing Interest	(2,071,350)
Present Value of Minimum Lease Payments	\$ 10,483,465

NOTE 8: NOTES PAYABLE: COMPONENT UNITS

The financial information in this report, for the fiscal year ending September 30, 2003, includes discretely presented financial information from the following component units, Kootenai County Fair and Kootenai County Emergency Medical Services System (KCEMSS). The notes payable balance for the year ending December 31, 2002, for Kootenai County Fair's statement date is \$11,721. KCEMSS notes payable balance presented for the year ending September 30, 2003, is \$579,683.

NOTE 9: OPERATING LEASES

Kootenai County is obligated under certain rental agreements to incur operating leases. Operating leases do not give rise to property rights or lease debt obligations, and therefore the results of these agreements are not reflected in the General Long-term Obligations of governmental activities.

The following is a schedule of future minimum rental payments required under operating lease agreements that have initial or remaining noncancellable lease terms in excess of one year as of September 30, 2003:

Year Ending September 30,	Governmental Activities
2004	\$ 86,386
2005	82,610
2006	83,871
2007	40,663
2008	40,663
2009	40,663
2010	40,663
Total Minimum Payments Required	\$ 415,519

The total expenditure for operating leases during the fiscal year ending September 30, 2003, totaled \$139,427.

NOTE 10: LANDFILL CLOSURE AND post-closure CARE COSTS

Federal and state laws and regulations require Kootenai County to place a final cover on its landfill (Fighting Creek) when closed. After closure, the County is further required to perform certain maintenance and monitoring functions at the landfill site for thirty years. The cost recognized in each period is based on the relative amount of waste received during the period. Some of the closure and post-closure care costs will be paid after the landfill is closed. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. As of September 30, 2003, Phase I of the landfill closure was complete. Based upon actual utilization and closure costs of the Fighting Creek Landfill during 2002-2003 an increase (of \$337,383) in closure and post-closure liability and costs has been recognized for the period ending September 30, 2003.

A total of \$3,249,383 has been recognized for closure and post-closure liability as of the balance sheet date. This figure is based on 43.1% utilization of the landfill's estimated capacity of 2,475,677 tons and the total estimated closure and post-closure costs of \$10,535,704. This amount totals \$4,536,262, less a reduction in actual closure expenses of \$1,286,879 incurred. The remainder of the estimated closure and post-closure costs of \$5,999,442 will be recognized, on a pro-rata basis, as the remaining usable landfill space is filled. The Fighting Creek Landfill is expected to close in second quarter of 2011.

Estimates of total usable capacity and closure and post-closure costs were updated in June 2003. Total estimated usable capacity was revised from 2,335,186 tons to 2,475,677 tons, based primarily upon waste flow figures and an aerial survey conducted by CH2M Hill, an engineering firm. Total estimated closure and post-closure costs were estimated to be \$9,358,630 in 1998 dollars. These estimates have been inflated annually by 1.3% to 3.4% (based on Consumer Price Index CPI-U rate, size B/C), the cumulative increase is 12.58% since that time, to an estimated cost of \$10,535,704.

Funds totaling \$3,249,383 (including interest) have been reserved in the Solid Waste Enterprise Fund to meet funding requirements for closure and post-closure costs. In the short-term, these funds will be invested in the Idaho State Investment Pool, as are many other unobligated funds of the County.

The potential for changes to the landfill closure and post-closure costs may exist due to inflation, deflation, technology, and applicable laws or regulations. It is anticipated that part of any future cost increase will be financed from earnings on the invested reserve. The remaining portion of anticipated future inflation costs and any additional costs arising from changes in post-closure requirements may need to be covered by charges to future landfill users, taxpayers, or both.

NOTE 11: RISK MANAGEMENT

Kootenai County may be liable to certain claims or damage of property that may arise in the ordinary course of operations. The County accounts for the majority of transactions involving insurance claims, deductibles, and expenses in the Liability Insurance sub-fund, which is reported as part of the General Fund. This fund has the power to levy an annual property tax to provide funds to pay insurance premiums.

The County employs a risk manager whose duties include drafting and reviewing contracts, monitoring and defending claims, and evaluating the adequacy of insurance coverage. The risk manager informs and educates employees of responsibilities regarding prevention of loss exposure related to their duties.

Insurance is maintained through the Idaho Counties Reciprocal Management Program (ICRMP). ICRMP is an insurance pool serving all public entities in Idaho through provision of property, general liability, auto liability, physical damage, and public officials' insurance. Kootenai County pays an annual premium to ICRMP for insurance coverage. In December 2002, the Board of County Commissioners signed a retro-premium agreement converting all policy years to a fixed premium amount. This means the County retains no loss exposure itself.

The ICRMP 2003-2004 Kootenai County insurance policy provides coverage up to a limit of \$500,000 for any single claim (brought pursuant to Title 6, Chap. 9 Idaho Code). This is the statutory limit of the Idaho tort claims act. For any other type of liability claim, the policy limit is \$3,000,000. The aggregate amount or total combined amount of all liability claims added up in a single policy year is \$5,000,000. ICRMP pays the first \$150,000 of any liability claim out of its own pool of funds. SCORE Reinsurance, an "A" rated reinsured (the sixth largest reinsurance in the world), pays any amounts above \$10,000 up to \$6,000,000.

ICRMP provides property insurance coverage structured so that ICRMP retains the first \$100,000 of damage to any Kootenai County property. Allianz, an A++ reinsurer and one of the very largest reinsurers in the world, provides coverage for the rest of the damage. The limits of the property coverage are tied to Kootenai County's statement of values. If the buildings, vehicles, and other property are listed on the County's statement of values, the County has coverage for the replacement cost of the damaged property.

Excluded from the maximum total deductible per policy period are deductibles paid for Flood and/or Earthquake, and Boiler and machinery losses. The deductibles for these occurrences are \$10,000 and \$1,000 per incident, respectively, with no annual limit.

On September 30, 2003, the County had fifteen outstanding claims. The County risk manager and legal staff maintain the position that the County bears little or no loss liability, based upon the strength of the claims and prior experience. Settlements paid during the 1998-2003 fiscal years did not exceed the County's reserves set aside for self-insurance. Accordingly, no liability for losses has been reported on the balance sheet, as was the case in the prior year.

NOTE 12: PENSION PLAN

The Public Employee Retirement System of Idaho (the System) administers The Public Employee Retirement Fund Base Plan (PERSI). A cost sharing multiple-employer public retirement system created by the Idaho State Legislature and the retirement board, appointed by the Governor, manages and establishes funding policies for the System. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports are available from PERSI upon request.

After five 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. The annual service retirement allowance is 1.971% or 2.225% (depending upon employee classification) of the average monthly salary for the highest consecutive 42 months times the months of credited service.

For the year ending September 30, 2003, the required employer contribution rate for employees, prior to July 1, 2003, was 9.77% and 10.11% for general employees and police members, respectively. These rates changed to 9.77% and 10.11% on July 1, 2003. The required employee contribution rate changed on that same date from 6.97% to 5.86% for general employees and from 8.53% to 7.21% for police members.

Kootenai County contributions required and paid were \$2,093,796, \$1,860,675, and \$1,887,568 for the three years ending September 30, 2003, 2002, and 2001 respectively.

NOTE 13: CONTRIBUTED CAPITAL, ENTERPRISE FUND

Donations to the solid waste operation are reported as contributed capital on the balance sheet and no current year capital contributions were reported for 2003. The ending balance, as of September 30, 2003, is \$271,371.

NOTE 14: TRANSFERS TO COMPONENT UNITS

"Transfers to component units" totaling \$120,000 are reported in the special revenue fund for the year ending September 30, 2003. "Operating transfers from primary government" are also reported in the County Fair Component Unit information in the accompanying financial statements.

This difference arises because of the differing fiscal years for the two entities. The component unit information is as of December 31, 2002. Accordingly, the operating transfer information for this unit agrees with the information reported by the primary government (Kootenai County) in the previous year's financial statements dated September 30, 2002. The current transfer to component unit reported by the primary government in these financial statements will be included in the component unit financial statements for the year ending December 31, 2003.

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NOTE 15: CLASSIFICATION OF FUNDS

For financial reporting purposes, several sub-funds have been included as part of the general fund. The purpose of the inclusion is to better summarize general government activities for financial statement presentation. The sub-funds reported as the general fund are as follows:

9-1-1	Liability Insurance
Justice	Court Interlock
Current Expense	Unemployment Insurance
Health Insurance	Tourism Promotion

NOTE 16: JOINT GOVERNED ORGANIZATIONS

Kootenai County participates in two jointly governed organizations. Those organizations are the Hayden Area Regional Sewer Board (HARSB), and the Kootenai County Emergency Medical Services System (KCEMSS).

One HARSB member is appointed by the Kootenai County BOCC. The County does not exercise control over the budget or financial operations of the Sewer Board with the exception of its representative's participation. The Sewer Board exercises total authority for the daily operations of the organization whose purpose it is to construct and operate sewer facilities in the Hayden Lake area of Kootenai County. Control exercised by the Board includes budgeting, contracting, and designation of management.

Kootenai County has no financial interest or responsibility in the HARSB. Kootenai County's role on the Sewer Board qualifies the relationship as one of a jointly governed organization. Additionally, there were no related party transactions during the period ending September 30, 2003.

One KCEMSS board member is appointed by the Kootenai County BOCC. The county has elected to report these operations as component unit, see footnote 1(A) for more information.

NOTE 17: CONTINGENT LIABILITIES

The County participates in a number of federally assisted grant programs. The audits of these programs have been completed in compliance with single audit requirements. The County appears to be meeting the grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Kootenai County is a defendant in several lawsuits. Although the outcome of the lawsuits is not presently determinable, in the opinion of the County attorney the resolution of these matters will not have a material effect on the financial condition of the County.

NOTE 18: INTER-FUND RECEIVABLES AND PAYABLES

The composition of Inter-fund balances as of September 30, 2003 is as follows:

Due to/from other funds:

Receivables:	Enterprise Fund	\$	583,809
Payables:	Special Revenue Fund (EMS)		(583,809)

inter-fund transfers :

		Transfer in		
		General Fund	Other Governmental Activities	Total
Transfer out	General Fund	\$ 2,554,959	\$ 5,000	\$ 2,559,959
	Other Governmental Activities	3,339,827	137,682	3,477,509
	Business-type Activities	375,000	44,116	419,116
	Total	\$ 6,269,786	\$ 186,798	\$ 6,456,584

Transfer in of grant match

Grant match transfers in	67,525
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Total transfers in	\$ 6,524,109
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Transfers out of grant match and fiduciary trust funds

Grant match transfer out	97,193
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Transfer out to fiduciary trust funds	1,159,714
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Total transfer out	\$ 7,713,491
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In the fund financial statements, total transfers out of \$7,713,491 are greater than total transfers in of \$6,456,584 because of the treatment of grant match transfers and transfer to the fiduciary trust funds. During the year grant match transfer out exceed grant match transfers in by \$29,668 due to grant contract funding periods.

NOTE 19: FUND EQUITY

19-A. Fund Deficits:

At September 30, 2003, the following individual funds have deficit fund balances that are included in the fund balance of the Non-major special revenue funds and capital projects. Capital Projects at \$183,028, Special Revenue Funds: Airport \$347,764, Noxious Weeds \$42,803, Indigent Fund \$328,445, and Resort Sales Tax of \$37,776. The deficit in the capital projects fund will be resolved through a combination of sales tax revenues and fund balance transfers in fiscal year 2004. Deficits in noxious weeds, indigent, and resort sales tax funds will be resolved over time by increasing tax revenue over the annual expenditures.

19-B. Net Assets Restricted Proprietary Fund:

At September 30, 2003 the following amount of Net Assets Restricted were:

	<u>Proprietary Fund</u>
Reserved for Landfill Closure/Post Closure	\$ 3,249,383

This balance is reserved to meet the legal funding requirements to close the current landfill location as it is filled, and to provide ongoing monitoring and maintenance of the landfill site for thirty years after closure.

19-C. Restrictions of Fund Equity:

Restrictions of fund equity represent amounts that are legally segregated and cannot be appropriated in subsequent years.

Kootenai County Comprehensive Annual Financial Report - FY 2003

19-D. Restricted Fund Balances:

At September 30, 2003 the following fund balances were restricted:

Fund Balances Restricted for:	Special General	Capital Revenue	Projects	Trust	Total
Tobacco Tax	\$ 231,772	\$ -	\$ -	\$ -	\$ 231,772
Court Interlock	23,992	-	-	-	23,992
Property Tax Relief	-	108,773	-	-	108,773
Jail Tax	-	(170,780)	-	-	(170,780)
Capital Project Completion	-	-	(183,028)	-	(183,028)
Trusts	-	-	-	1,131,955	1,131,955
Total restricted Fund Balances	\$ 255,764	\$ (62,007)	\$ (183,028)	\$ 1,131,955	\$ 1,142,684

NOTE 20: ACCOUNTING CHANGES AND RESTATEMENTS

GASB Statement 38 requires certain note disclosures when Statement 34 is implemented. Both of these provisions have been incorporated into the financial statements precedent and to the notes. The restatement due to the implementation of GASB 34 and the interpretation had the following effects on fund equity of the major and Non-major governmental activities and account groups of the County as they were previously reported. The implementation had no effect on the business activity (Solid Waste Enterprise Fund) of the County.

	As Previously Reported 9/30/02	<u>Changes in Accounting Principle</u>		As Stated 9/30/02
		Fund Reclassifications	Other	
Governmental Funds and Activities:				
Major Funds				
General fund	\$ 7,413,990	\$ -	\$ -	\$ 7,413,990
KCEMSS	-	175,018	-	175,018
Total major governmental funds	7,413,990	175,018	-	7,589,008
Non-major Funds				
Special revenue funds	5,525,766	(175,018)	(1)	5,350,747
Capital projects	(281,272)	-	-	(281,272)
Total Non-major governmental funds	5,244,494	(175,018)	(1)	5,069,475
Governmental Activities Adjustments:				
Capital assets, net of depreciation	-	44,962,510	(576,590)	44,385,920
Expense recognition	-	-	(968,883)	(968,883)
Notes and leases payable	-	(10,942,590)	-	(10,942,590)
Compensated absences	-	(2,633,357)	-	(2,633,357)
Total governmental activities adjustments	-	31,386,563	(1,545,473)	29,841,090
Total governmental activities-net assets	\$ 12,658,484	\$ 31,386,563	\$ (1,545,474)	\$ 42,499,573
Account Groups:				
General fixed asset account group	\$ 69,460,335	\$ (69,460,335)	\$ -	\$ -
General long-term debt account group	(13,575,947)	13,575,947	-	-
Total account groups	\$ 55,884,388	\$ (55,884,388)	\$ -	\$ -

SUPPLEMENTARY INFORMATION



Non-major Governmental Funds
Special Revenue Funds

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

Airport Fund – to account for the operation of the county airport. Funding is provided through property taxes, rents, and fees.

County Fair – to account for the funding of the component unit. Funding is provided through property taxes.

Noxious Weeds - to account for the operation of weed control. Funding is provided through property taxes, fees, and grants.

Health District - to account for the funding of the county's obligation to the Health District. Funding is provided through property taxes.

Historical Society - to account for the funding of the county's obligation to the Local Historical Society. Funding is provided through property taxes.

Park & Recreation - to account for the operation of the county's Park & Recreation Department. Funding is provided through property taxes, grants and fees.

Snowmobile Fund - to account for the funding of the local Snowmobile Society. Funding is provided through licenses and permits.

County Vessel - to account for the operation, patrol and improvements of county waterways. Funding is provided through property taxes, licenses, fees, and grants.

Public Access Contribution – to account for resources provided by the Hagadone Corporation for mitigation of loss of public waterfront access due to the construction of a golf course. Funding is provided through an agreement based upon green fees

Indigent Fund - to account for the operation of county assistance. Funding is provided through property taxes.

Resort Sales Tax - to account for the operation and collection of the county's sale tax. Funds collected are to pay for the expansion of the county jail. Funding is provided through collection of local sale tax.

District Court - to account for the operation of county court system. Funding is provided through property taxes, charges for services, fines & forfeitures.

Revaluation - to account for the operation re-assessing county property. Funding is provided through property taxes.

**Non-major Capital Projects Funds
Capital Projects Funds**

The Capital Projects Fund is used to account for resources utilized to acquire and construct major capital facilities and improvements, other than those financed by proprietary funds.

General Construction Fund – This fund is used to account for major capital projects established within the County’s operation of the general governmental activities. Funding arises from financing of general long-term debt and receipts of various capital grants from Federal, State, and other governmental agencies.

Centennial Trail Fund – This fund is used to account for maintenance, improvements, and capital expansion of the Idaho Centennial Trail. Funding is primarily provided by various Federal, State, and Local grants and Public donations.

KOOTENAI COUNTY, IDAHO
Combining Balance Sheet Non-major Governmental Funds
September 30, 2003

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Assets			
Cash and cash equivalents	\$ 636,859	\$ (128,197)	\$ 508,662
Taxes delinquent	228,714	-	228,714
Accounts receivable, (net)	58,115	-	58,115
Interest receivable	112	-	112
Grants receivable	162,099	74,481	236,580
Due from other funds	-	-	-
Due from other governments	-	-	-
Total Assets	\$ 1,085,899	\$ (53,716)	\$ 1,032,183
Liabilities and Fund Balances			
<i>Liabilities:</i>			
Accounts payable	\$ 347,443	\$ 49,653	\$ 397,096
Accrued payroll	96,103	-	96,103
Deferred revenues	48,708	79,659	128,367
Deferred property taxes	208,052	-	208,052
Interest payable	4,194	-	4,194
Leases payable-long term	239,000	-	239,000
Due to other funds	-	-	-
Due to other governments	44,000	-	44,000
Total Liabilities	987,500	129,312	1,116,812
Fund Balances:			
<i>Reserved for:</i>			
Property tax relief	\$ 108,773	\$ -	\$ 108,773
<i>Unreserved & Undesignated:</i>			
Special Revenue Funds	160,406	-	160,406
Jail tax payment	(170,780)	-	(170,780)
Debt Service Funds	-	-	-
Capital Projects Funds	-	(183,028)	(183,028)
Total Fund Balances (deficit)	98,399	(183,028)	(84,629)
Total Liabilities and Fund Balances	\$ 1,085,899	\$ (53,716)	\$ 1,032,183

KOOTENAI COUNTY, IDAHO
Combining Balance Sheet Non-major Special Revenue Funds
September 30, 2003

	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue	Health District Special Revenue	Historical Society Special Revenue
Assets					
Cash and cash equivalents	\$ (86,006)	\$ 33,824	\$ 19,472	\$ 179,364	\$ 10,977
Taxes delinquent	12,687	7,579	11,830	32,071	783
Accounts receivable, (net)	3,800	21	-	-	-
Interest receivable	-	-	-	-	-
Grants receivable	-	-	16,500	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total Assets	\$ (69,519)	\$ 41,424	\$ 47,802	\$ 211,435	\$ 11,760
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 16,574	\$ 30,000	\$ 31,244	\$ 137,996	\$ 2,875
Accrued payroll	6,999	-	1,846	-	-
Deferred revenues	-	-	46,749	-	-
Deferred property taxes	11,478	6,900	10,766	29,180	712
Interest payable	4,194	-	-	-	-
Leases payable-long term	239,000	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Total Liabilities	278,245	36,900	90,605	167,176	3,587
Fund Balances:					
<i>Reserved for:</i>					
Property tax relief	-	-	-	-	-
Jail tax payment	-	-	-	-	-
<i>Unreserved & Undesignated:</i>					
Special Revenue Funds	(347,764)	4,524	(42,803)	44,259	8,173
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Total Fund Balances (deficit)	(347,764)	4,524	(42,803)	44,259	8,173
Total Liabilities and Fund Balances	\$ (69,519)	\$ 41,424	\$ 47,802	\$ 211,435	\$ 11,760

KOOTENAI COUNTY, IDAHO
Combining Balance Sheet Non-major Special Revenue Funds
September 30, 2003

	Parks & Rec Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue	Public Access Special Revenue	Indigent Special Revenue
Assets					
Cash and cash equivalents	\$ 131,301	\$ 174,744	\$ (8,520)	\$ 127,749	\$ (316,250)
Taxes delinquent	6,957	-	-	-	81,820
Accounts receivable, (net)	-	1,139	34,391	-	-
Interest receivable	-	-	-	112	-
Grants receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total Assets	\$ 138,258	\$ 175,883	\$ 25,871	\$ 127,861	\$ (234,430)
Liabilities and Fund Balances					
<i>Liabilities:</i>					
Accounts payable	\$ 9,198	\$ 82	\$ 4,188	\$ 1,500	\$ 16,651
Accrued payroll	2,638	-	4,538	-	2,934
Deferred revenues	-	-	-	-	-
Deferred property taxes	6,336	-	-	-	74,430
Interest payable	-	-	-	-	-
Leases payable-long term	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Total Liabilities	18,172	82	8,726	1,500	94,015
Fund Balances:					
<i>Reserved for:</i>					
Property tax relief	-	-	-	-	-
Jail tax payment	-	-	-	-	-
<i>Unreserved & Undesignated:</i>					
Special Revenue Funds	120,086	175,801	17,145	126,361	(328,445)
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Total Fund Balances (deficit)	120,086	175,801	17,145	126,361	(328,445)
Total Liabilities and Fund Balances	\$ 138,258	\$ 175,883	\$ 25,871	\$ 127,861	\$ (234,430)

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KOOTENAI COUNTY, IDAHO
Combining Balance Sheet Non-major Special Revenue Funds
September 30, 2003

	FTA Public Trans Special Revenue	Resort Sales Tax Special Revenue	District Court Special Revenue	Revaluation Special Revenue	Non-major Special Revenue Funds
Assets					
Cash and cash equivalents	\$ (9,723)	\$ (37,304)	\$ 246,813	\$ 170,418	\$ 636,859
Taxes delinquent	-	-	4,561	70,426	228,714
Accounts receivable, (net)	17,925	-	58	781	58,115
Interest receivable	-	-	-	-	112
Grants receivable	145,599	-	-	-	162,099
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total Assets	\$ 153,801	\$ (37,304)	\$ 251,432	\$ 241,625	\$ 1,085,899
Liabilities and Fund Balances					
<i>Liabilities:</i>					
Accounts payable	\$ 65,725	\$ 472	\$ 15,528	\$ 15,410	\$ 347,443
Accrued payroll	42,117	-	16,115	18,916	96,103
Deferred revenues	1,959	-	-	-	48,708
Deferred property taxes	-	-	4,166	64,084	208,052
Interest payable	-	-	-	-	4,194
Leases payable-long term	-	-	-	-	239,000
Due to other funds	-	-	-	-	-
Due to other governments	44,000	-	-	-	44,000
Total Liabilities	153,801	472	35,809	98,410	987,500
Fund Balances:					
<i>Reserved for other purposes</i>					
Property tax relief	-	108,773	-	-	108,773
<i>Unreserved & Undesignated:</i>					
Special Revenue Funds	-	24,231	215,623	143,215	160,406
Jail tax payment	-	(170,780)	-	-	(170,780)
Debt Service Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Total Fund Balances (deficit)		(37,776)	215,623	143,215	98,399
Total Liabilities and Fund Balances	\$ 153,801	\$ (37,304)	\$ 251,432	\$ 241,625	\$ 1,085,899

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KOOTENAI COUNTY, IDAHO
Combining Balance Sheet Non-major Capital Projects Funds
September 30, 2003

	General Construction Capital Projects	Centennial Trail Capital Projects	Total Non-major Capital Project Funds
Assets			
Cash and cash equivalents	\$ (206,241)	\$ 78,044	\$ (128,197)
Taxes delinquent	-	-	-
Accounts receivable, (net)	-	-	-
Interest receivable	-	-	-
Grants receivable	74,481	-	74,481
Due from other funds	-	-	-
Due from other governments	-	-	-
Total Assets	\$ (131,760)	\$ 78,044	\$ (53,716)
Liabilities and Fund Balances			
<i>Liabilities:</i>			
Accounts payable	\$ 49,653	\$ -	\$ 49,653
Accrued payroll	-	-	-
Deferred revenues	79,659	-	79,659
Deferred property taxes	-	-	-
Interest payable	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Total Liabilities	129,312	-	129,312
Fund Balances:			
Reserved for other purposes	-	-	-
<i>Unreserved & Undesignated:</i>			
Special Revenue Funds	-	-	-
Debt Service Funds	-	-	-
Capital Projects Funds	(261,072)	78,044	(183,028)
Total Fund Balances (deficit)	(261,072)	78,044	(183,028)
Total Liabilities and Fund Balances	\$ (131,760)	\$ 78,044	\$ (53,716)

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2003

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues			
Taxes	\$ 3,703,280	\$ -	\$ 3,703,280
Tax related charges	(20,763)	-	(20,763)
Licenses and permits	83,863	-	83,863
Intergovernmental	590,095	1,826,944	2,417,039
Interest	30,129	-	30,129
Fines and forfeitures	763,676	-	763,676
Charges for services	296,634	-	296,634
Miscellaneous	432,722	10,100	442,822
Total Revenues	5,879,636	1,837,044	7,716,680
Expenditures			
<i>Current:</i>			
General government	2,319,041	-	2,319,041
Public works	602,492	-	602,492
Sanitation	222,643	-	222,643
Health & welfare	1,963,365	-	1,963,365
Culture and recreation	739,281	21,879	761,160
Capital projects	-	27,905	27,905
<i>Debt service:</i>			
Principal retirement	911,691	-	911,691
Interest expense	492,181	-	492,181
<i>Capital Outlay:</i>			
Capital expenditures	112,912	831,966	944,878
Construction in progress	237,770	1,067,088	1,304,858
Total Expenditures	7,601,376	1,948,838	9,550,214
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	(1,721,740)	(111,794)	(1,833,534)
Other Financing Sources (Uses)			
Transfers In	44,116	210,038	254,154
Transfers (out)	(3,574,726)	-	(3,574,726)
Total Other Financing Sources (Uses)	(3,530,610)	210,038	(3,320,572)
Net Change in Fund Balances	(5,252,350)	98,244	(5,154,106)
Fund Balances Beginning of Year	5,350,749	(281,272)	5,069,477
Fund Balances End of Year	\$ 98,399	\$ (183,028)	\$ (84,629)

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2003

	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue	Health District Special Revenue	Historical Society Special Revenue
Revenues					
Taxes	\$ 211,321	\$ 124,865	\$ 205,864	\$ 510,520	\$ 12,503
Tax related charges	469	(1,129)	(2,618)	(2,317)	(61)
Licenses and permits	-	-	68	-	-
Intergovernmental	-	-	16,939	-	-
Interest	-	-	-	-	-
Fines and forfeitures	75	-	-	-	-
Charges for services	59,809	-	921	-	-
Miscellaneous	253,850	67	299	-	-
Total Revenues	<u>525,524</u>	<u>123,803</u>	<u>221,473</u>	<u>508,203</u>	<u>12,442</u>
Expenditures					
<i>Current:</i>					
General government	-	-	-	-	-
Public works	602,492	-	-	-	-
Sanitation	-	-	222,643	-	-
Health & welfare	-	-	-	551,984	-
Culture and recreation	-	120,000	-	-	11,500
Capital projects	-	-	-	-	-
<i>Debt service:</i>					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
<i>Capital Outlay:</i>					
Capital expenditures	16,852	-	-	-	-
Construction in progress	223,327	-	-	-	-
Total Expenditures	<u>842,671</u>	<u>120,000</u>	<u>222,643</u>	<u>551,984</u>	<u>11,500</u>
Excess of Revenues Over (Under) Expenditures	<u>(317,147)</u>	<u>3,803</u>	<u>(1,170)</u>	<u>(43,781)</u>	<u>942</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	44,116	-
Transfers (out)	(69,867)	-	(20,000)	-	-
Total Other Financing Sources (Uses)	<u>(69,867)</u>	<u>-</u>	<u>(20,000)</u>	<u>44,116</u>	<u>-</u>
Net Change in Fund Balances	<u>(387,014)</u>	<u>3,803</u>	<u>(21,170)</u>	<u>335</u>	<u>942</u>
Fund Balances Beginning of Year	39,250	721	(21,633)	43,924	7,231
Fund Balances End of Year	<u>\$ (347,764)</u>	<u>\$ 4,524</u>	<u>\$ (42,803)</u>	<u>\$ 44,259</u>	<u>\$ 8,173</u>

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KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2003

	Parks & Rec. Special Revenue	Snowmobile County Special Revenue	Vessel Special Revenue	Public Access Special Revenue	Indigent Special Revenue
Revenues					
Taxes	\$ 100,310	\$ -	\$ -	\$ -	\$ 1,297,595
Tax related charges	549	-	-	-	(6,724)
Licenses and permits	-	83,795	-	-	-
Intergovernmental	-	-	425,170	7,245	-
Interest	-	-	-	4,973	-
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	769	-	-
Miscellaneous	-	-	11,159	-	166,511
Total Revenues	100,859	83,795	437,098	12,218	1,457,382
Expenditures					
<i>Current:</i>					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Sanitation	-	-	-	-	-
Health & welfare	-	-	-	-	1,411,381
Culture and recreation	127,062	72,165	399,547	9,007	-
Capital projects	-	-	-	-	-
<i>Debt service:</i>					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
<i>Capital Outlay:</i>					
Capital expenditures	-	23,480	28,246	-	13,939
Construction in progress	5,400	-	9,043	-	-
Total Expenditures	132,462	95,645	436,836	9,007	1,425,320
Excess of Revenues Over (Under) Expenditures	(31,603)	(11,850)	262	3,211	32,062
Other Financing Sources (Uses)					
Transfers in					
Transfers (out)	-	-	(7,325)	-	(25)
Total Other Financing Sources (Uses)	-	-	(7,325)	-	(25)
Net Change in Fund Balances	(31,603)	(11,850)	(7,063)	3,211	32,037
Fund Balances Beginning of Year	151,689	187,651	24,208	123,150	(360,482)
Fund Balances End of Year	\$ 120,086	\$ 175,801	\$ 17,145	\$ 126,361	\$ (328,445)

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KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30,2003

	FTA Public Trans Special Revenue	Resort Sales Tax Special Revenue	District Court Special Revenue	Revaluation Special Revenue	Total Non-major Special Revenue Funds
Revenues					
Taxes	\$ -	\$ 13,751	\$ 78,847	\$ 1,147,704	\$ 3,703,280
Tax related charges	-	-	(1,431)	(7,501)	(20,763)
Licenses and permits	-	-	-	-	83,863
Intergovernmental	140,741	-	-	-	590,095
Interest	-	25,156	-	-	30,129
Fines and forfeitures	-	-	763,601	-	763,676
Charges for services	96,765	-	138,37	-	296,634
Miscellaneous	-	-	55	781	432,722
Total Revenues	237,506	38,907	979,442	1,140,984	5,879,636
Expenditures					
<i>Current:</i>					
General government	237,506	2,431	890,852	1,188,252	2,319,041
Public works	-	-	-	-	602,492
Sanitation	-	-	-	-	222,643
Health & welfare	-	-	-	-	1,963,365
Culture and recreation	-	-	-	-	739,281
Capital projects	-	-	-	-	-
<i>Dept service:</i>					
Principal retirement	-	911,691	-	-	911,691
Interest expense	-	492,181	-	-	492,181
<i>Capital Outlay:</i>					
Capital expenditures	-	-	9,644	20,751	112,912
Construction in progress	-	-	-	-	237,770
Total Expenditures	237,506	1,406,303	900,496	1,209,003	7,601,376
Excess of Revenues Over (Under) Expenditures	-	(1,367,396)	78,946	(68,019)	(1,721,740)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	44,116
Transfers (out)	-	(3,477,509)	-	-	(3,574,726)
Total Other Financing Sources (Uses)	-	(3,477,509)	-	-	(3,530,610)
Net Change in Fund Balances	-	(4,844,905)	78,946	(68,019)	(5,252,350)
Fund Balances Beginning of Year	-	4,807,129	136,677	211,234	5,350,749
Fund Balances End of Year	\$ -	\$ (37,776)	\$ 215,623	\$ 143,215	\$ 98,399

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Capital Projects Funds
For the Year Ended September 30, 2003

	General Construction Capital Projects	Centennial Trail Capital Projects	Total Non-major Capital Projects Funds
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	1,826,944	-	1,826,944
Interest	-	-	-
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Miscellaneous	100	10,000	10,100
Total Revenues	1,827,044	10,000	1,837,044
Expenditures			
<i>Current:</i>			
General government	-	-	-
Culture and recreation	-	21,879	21,879
Capital projects	27,905	-	27,905
<i>Debt Service:</i>			
Principal retirement	-	-	-
Interest expense	-	-	-
<i>Capital Outlay:</i>			
Capital expenditures	831,966	-	831,966
construction in progress	1,058,840	8,248	1,067,088
Total Expenditures	1,918,711	30,127	1,948,838
Excess of Revenues Over (Under) Expenditures	(91,667)	(20,127)	(111,794)
Other Financing Sources (Uses)			
Transfers in	205,038	5,000	210,038
Total Other Financing Sources (Uses)	205,038	5,000	210,038
Net Change in Fund Balances	113,371	(15,127)	98,244
Fund Balances Beginning of Year	(374,443)	93,171	(281,272)
Fund Balances End of Year	\$ (261,072)	\$ 78,044	\$ (183,028)

Fiduciary Funds

Fiduciary funds are used to account for assets a governmental unit holds in the capacity of an agent or trustee for another party. Kootenai County maintains agency funds and expendable trust funds.

Expendable Trust Funds – to account for the resources used in a variety of small funds where the County is acting as trustee. The assets and liabilities of the employee deferred compensation fund are also accounted for within the trust fund

State of Idaho Agency Fund – to account for fines, fees and forfeits collected through a variety of County operations, including courts, vehicle and driver licensing, payable to the state government.

Taxing Districts Agency Fund – to account for property taxes receipts and other assets collected by the County for other taxing districts.

KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2003
With Comparative Totals for September 30, 2002

	Agency Funds				
	State of Idaho	Cities	Highway Districts	School Districts	Fire Districts
Assets					
Cash in bank and investments	\$ 1,185,016	\$ 141,187	\$ 28,108	\$ 252,209	\$ 44,189
<i>Receivables:</i>					
Taxes delinquent	31,949	1,150,779	325,696	2,352,147	538,566
Accounts receivable	-	221,149	66,051	-	56,858
Total Assets	1,216,965	1,513,115	419,855	2,604,356	639,613
Liabilities					
Accounts payable	-	-	-	-	-
Deferred compensation payable	-	-	-	-	-
Deferred property taxes	-	-	-	-	-
Due to other governments	1,216,965	1,513,115	-	-	-
Due to other funds	-	-	-	-	-
Due to other individuals	-	-	-	-	-
Due to other taxing districts	-	-	419,855	2,604,356	639,613
Total Liabilities	1,216,965	1,513,115	419,855	2,604,356	639,613
Net Assets					
Held in trust for other purposes	\$ -	\$ -	\$ -	\$ -	\$ -

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KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2003
With Comparative Totals for September 30, 2002

	Agency Funds				
	Public Library	Water & Sewer Districts	North Idaho College	Public Hospital	Urban Renewal Districts
Assets					
Cash in bank and investments	\$ 7,720	\$ 1,708	\$ 32,464	\$ -	\$ 67,056
Receivables:					
Taxes delinquent	141,401	30,082	317,721	-	(15,479)
Accounts receivable	12,922	1,234	75,963	3,144	-
Total Assets	162,043	33,024	426,148	3,144	51,577
Liabilities					
Accounts payable	-	-	-	-	-
Deferred compensation payable	-	-	-	-	-
Deferred property taxes	-	-	-	-	-
Due to other governments	-	-	426,148	-	-
Due to other funds	-	-	-	-	-
Due to other individuals	-	-	-	3,144	-
Due to other taxing districts	162,043	33,024	-	-	51,577
Total Liabilities	162,043	33,024	426,148	3,144	51,577
Net Assets					
Held in trust for other purposes	\$ -	\$ -	\$ -	\$ -	\$ -

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KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2003
With Comparative Totals for September 30, 2002

	Agency & Trusts Totals		
	Private Purpose Trust Funds	2003	2002
Assets			
Cash in bank and investments	\$ 3,736,926	\$ 5,496,583	\$ 4,490,524
<i>Receivables:</i>			
Taxes delinquent	18,386	4,891,248	4,273,001
Accounts receivable	2,833	440,154	429,670
Due from other governments	464,192	464,192	
Total Assets	<u>4,222,337</u>	<u>11,292,177</u>	<u>9,193,195</u>
Liabilities			
Accounts payable	17,044	17,044	18,871
Deferred compensation payable	1,763,842	1,763,842	1,528,740
Deferred property taxes	1,303,734	1,303,734	973,526
Due to other governments	-	3,156,228	2,492,232
Due to other funds	-	-	44,820
Due to other individuals	5,762	8,906	8,906
Due to other taxing districts	-	3,910,468	3,450,304
Total Liabilities	<u>3,090,382</u>	<u>10,160,222</u>	<u>8,517,399</u>
Net Assets			
Held in trust for other purposes	<u>\$ 1,131,955</u>	<u>\$ 1,131,955</u>	<u>\$ 675,796</u>

KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2003

	Agency Funds			
	Balance October-02	Additions	Deletions	Balance September-03
State of Idaho				
Assets				
Cash in bank and investments	\$ 1,070,428	\$ 11,057,685	\$ 10,943,097	\$ 1,185,016
<i>Receivables:</i>				
Taxes delinquent	33,611	391,431	393,093	31,949
Accounts receivable	-	-	-	-
Total Assets	\$ 1,104,039	\$ 11,449,116	\$ 11,336,190	\$ 1,216,965
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	1,104,039	11,449,116	11,336,190	1,216,965
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	-	-	-	-
Total Liabilities	\$ 1,104,039	\$ 11,449,116	\$ 11,336,190	\$ 1,216,965
Cities				
Assets				
Cash in bank and investments	\$ 102,279	\$ 18,245,37	\$ 18,206,462	\$ 141,187
<i>Receivables:</i>				
Taxes delinquent	849,101	16,202,825	15,901,147	1,150,779
Accounts receivable	215,761	221,149	215,761	221,149
Total Assets	\$ 1,167,141	\$ 34,669,344	\$ 34,323,370	\$ 1,513,115
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	1,167,141	34,669,344	34,323,370	1,513,115
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	-	-	-	-
Total Liabilities	\$ 1,167,141	\$ 34,669,344	\$ 34,323,370	\$ 1,513,115

KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2003

	Agency Funds			
	Balance October-02	Additions	Deletions	Balance September-03
Highway Districts				
Assets				
Cash in bank and investments	\$ 18,921	\$ 5,410,86	\$ 5,401,673	\$ 28,108
<i>Receivables:</i>				
Taxes delinquent	301,072	5,284,938	5,260,314	325,696
Accounts receivable	65,106	66,051	65,106	66,051
Total Assets	\$ 385,099	\$ 10,761,849	\$ 10,727,093	\$ 419,855
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	385,099	10,761,849	10,727,093	419,855
Total Liabilities	\$ 385,099	\$ 10,761,849	\$ 10,727,093	\$ 419,855
School Districts				
Assets				
Cash in bank and investments	\$ 156,871	\$ 39,183,712	\$ 39,088,374	\$ 252,209
<i>Receivables:</i>				
Taxes delinquent	1,417,217	39,029,143	38,094,213	2,352,147
Accounts receivable	-	-	-	-
Total Assets	\$ 1,574,088	\$ 78,212,855	\$ 77,182,587	\$ 2,604,356
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	1,574,088	78,212,855	77,182,587	2,604,356
Total Liabilities	\$ 1,574,088	\$ 78,212,855	\$ 77,182,587	\$ 2,604,356

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KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2003

	Agency Funds			
	Balance October-02	Additions	Deletions	Balance September-03
Fire Districts				
Assets				
Cash in bank and investments	\$ 28,634	\$ 6,751,093	\$ 6,735,538	\$ 44,189
<i>Receivables:</i>				
Taxes delinquent	504,406	6,447,860	6,413,700	538,566
Accounts receivable	55,537	56,858	55,537	56,858
Total Assets	\$ 588,577	\$ 13,255,811	\$ 13,204,775	\$ 639,613
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	588,577	13,255,811	13,204,775	639,613
Total Liabilities	\$ 588,577	\$ 13,255,811	\$ 13,204,775	\$ 639,613
Public Library				
Assets				
Cash in bank and investments	\$ 5,587	\$ 1,208,491	\$ 1,206,358	\$ 7,720
<i>Receivables:</i>				
Taxes delinquent	58,350	1,218,956	1,135,905	141,401
Accounts receivable	12,842	12,923	12,843	12,922
Total Assets	\$ 76,779	\$ 2,440,370	\$ 2,355,106	\$ 162,043
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	76,779	2,440,370	2,355,106	162,043
Total Liabilities	\$ 76,779	\$ 2,440,370	\$ 2,355,106	\$ 162,043

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KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2003

	Agency Funds			
	Balance October-02	Additions	Deletions	Balance September-03
Water & Sewer Districts				
Assets				
Cash in bank and investments	\$ 2,176	\$ 193,355	\$ 193,823	\$ 1,708
<i>Receivables:</i>				
Taxes delinquent	27,580	187,742	185,240	30,082
Accounts receivable	1,166	1,234	1,166	1,234
Total Assets	\$ 30,922	\$ 382,331	\$ 380,229	\$ 33,024
Liabilities				
Accounts payable	-	-	-	-
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	30,922	382,331	380,229	33,024
Total Liabilities	\$ 30,922	\$ 382,331	\$ 380,229	\$ 33,024
North Idaho College				
Assets				
Cash in bank and investments	\$ 22,702	\$ 5,323,493	\$ 5,313,731	\$ 32,464
<i>Receivables:</i>				
Taxes delinquent	301,676	4,972,314	4,956,269	317,721
Accounts receivable	73,982	75,963	73,982	75,963
Total Assets	\$ 398,360	\$ 10,371,777	\$ 10,343,982	\$ 426,148
Liabilities				
Accounts payable	-	-	-	-
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	398,360	10,371,770	10,343,982	426,148
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	-	-	-	-
Total Liabilities	\$ 398,360	\$ 10,371,770	\$ 10,343,982	\$ 426,148

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KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2003

	Agency Funds			
	Balance October-02	Additions	Deletions	Balance September-03
<i>Kootenai County Public Hospital</i>				
Assets				
Cash in bank and investments	\$ -	\$ -	\$ -	\$ -
<i>Receivables:</i>				
Taxes delinquent	-	-	-	-
Accounts receivable	3,144	3,144	3,144	3,144
Total Assets	\$ 3,144	\$ 3,144	\$ 3,144	\$ 3,144
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to other individuals	3,144	3,144	3,144	3,144
Due to other taxing districts	-	-	-	-
Total Liabilities	\$ 3,144	\$ 3,144	\$ 3,144	\$ 3,144
<i>Urban Renewal Districts</i>				
Assets				
Cash in bank and investments	\$ 36,727	\$ 962,198	\$ 931,869	\$ 67,056
<i>Receivables:</i>				
Taxes delinquent	758,112	986,956	1,760,547	(15,479)
Accounts receivable	-	-	-	-
Total Assets	\$ 794,839	\$ 1,949,154	\$ 2,692,416	\$ 51,577
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred compensation payable	-	-	-	-
Deferred property taxes	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Due to other individuals	-	-	-	-
Due to other taxing districts	794,839	1,949,154	2,692,416	51,577
Total Liabilities	\$ 794,839	\$ 1,949,154	\$ 2,692,416	\$ 51,577

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KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2003

<i>Expendable Trust Funds</i>	Private Purpose Trust Funds			
	Balance October-02	Additions	Deletions	Balance September-03
Assets				
Cash in bank and investments	\$ 3,046,199	\$ 8,038,547	\$ 7,347,820	\$ 3,736,926
<i>Receivables:</i>				
Taxes delinquent	21,876	9,031	12,521	18,386
Accounts receivable	2,131	3,218	2,516	2,833
Due from other governments	177,310	287,151	269	464,192
Total Assets	\$ 3,247,516	\$ 8,337,947	\$ 7,363,126	\$ 4,222,337
Liabilities				
Accounts payable	\$ 18,871	\$ 7,316,478	\$ 7,318,305	\$ 17,044
Deferred compensation payable	1,528,740	235,102	-	1,763,842
Deferred property taxes	973,526	330,208	-	1,303,734
Due to other funds	720,617	456,159	44,821	1,131,955
Due to other individuals	5,762	-	-	5,762
Due to other taxing districts	-	-	-	-
Total Liabilities	\$ 3,247,516	\$ 8,337,947	\$ 7,363,126	\$ 4,222,337

KOOTENAI COUNTY, IDAHO
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2002 and 2003

	2003	2002
Governmental funds capital assets:		
Land	\$ 4,027,672	\$ 2,659,029
Buildings	35,577,276	26,967,841
Improvements other than buildings	13,368,198	13,535,593
Machinery and equipment	15,662,931	15,072,437
Construction in progress	1,515,605	11,225,435
Total Governmental Funds Capital Assets	\$ 70,151,682	\$ 69,460,335
Investments in governmental funds capital assets by source:		
General fund	\$ 46,683,234	\$ 52,265,774
Special revenue fund	23,468,448	17,194,561
Total Investments in Governmental Funds Capital Assets	\$ 70,151,682	\$ 69,460,335

KOOTENAI COUNTY, IDAHO
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2003

<i>Function and Activity</i>	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Construction in Progress	Total
General Government:						
Commissioners	\$ 685,991	\$ 214,614	\$ -	\$ 87,122	\$ -	\$ 987,727
Auditor/Recorder/Elections	-	-	-	272,565	-	272,565
Treasurer	-	-	-	282,941	-	282,941
Assessor	-	473,761	-	2,885,723	-	3,359,484
Buildings and Grounds	-	29,328	-	146,996	-	176,324
General	1,208,387	11,120,996	-	301,915	-	12,631,299
Cooperative Extension	-	-	-	61,214	-	61,214
Planning & Zoning	-	-	-	91,400	-	91,400
Office of Emergency Man	-	-	-	104,531	-	104,531
Print Shop/Mail Room	-	-	-	151,370	-	151,370
Information Services	-	-	-	1,642,164	-	1,642,164
Auto Shop	-	329,328	-	102,036	-	431,364
Human Resources	-	-	-	4,315	-	4,315
Legal Services	-	-	-	17,969	-	17,969
Revaluation	-	-	-	298,946	-	298,946
District Court	-	2,494,696	-	302,985	-	2,797,681
Veterans Services	-	-	-	3,368	-	3,368
Prosecuting Attorney	-	-	-	152,380	-	152,380
Public Defender	-	-	-	90,451	-	90,451
Total General Government	1,894,378	14,662,724	-	7,000,391	-	23,557,492
Public Works:						
Airport	1,818,571	502,336	13,219,146	1,625,666	223,327	17,389,047
Total Public Works	1,818,571	502,336	13,219,146	1,625,666	223,327	17,389,047
Public Safety:						
Building Department	-	-	-	114,646	-	114,646
Sheriff	9,711	995,784	-	2,752,060	-	3,757,555
Sheriff-Jail	-	14,781,927	12,925	826,341	38,770	15,659,963
Juvenile Diversion	-	-	-	42,284	-	42,284
Juvenile Probation/Adult Misdemeanor	-	337,600	-	164,274	-	501,874
Juvenile Detention Center	-	3,469,429	-	264,512	-	3,733,941
9-1-1	55,103	599,459	-	1,780,736	27,793	2,463,091
Coroner	-	-	-	9,657	-	9,657
Total Public Safety	64,814	20,184,199	12,925	5,954,509	66,563	26,283,011
Sanitation:						
Noxious Weed Control	-	-	-	54,771	-	54,771
Total Sanitation	-	-	-	54,771	-	54,771
Health and Welfare:						
Community Services	-	-	-	34,777	-	34,777
Total Health and Welfare	-	-	-	34,777	-	34,777

KOOTENAI COUNTY, IDAHO
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2003

<i>Function and Activity</i>	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Construction in Progress	Total
Culture and Recreation:						
County Fair	\$ 60,638	\$ -	\$ -	\$ -	\$ -	\$ 60,638
Park and Recreation	-	-	-	80,513	-	80,513
Waterways/County Snowmobile	189,271	228,017	136,126	273,525	-	826,939
Marine Deputy	-	-	-	638,779	-	638,779
Total Culture and Recreation	249,909	228,017	136,126	992,817	-	1,606,869
Capital Projects:						
AIP-20	-	-	-	-	1,054,665	1,054,665
AIP- 21	-	-	-	-	18,525	18,525
Harrison Docks	-	-	-	-	110,586	110,586
WW Windy Bay	-	-	-	-	41,938	41,938
Total Capital Projects	-	-	-	-	1,225,715	1,225,715
Total Governmental Funds Capital Assets	\$ 4,027,672	\$ 35,577,276	\$ 13,368,198	\$ 15,662,931	\$ 1,515,605	\$ 70,151,682

KOOTENAI COUNTY, IDAHO
Schedule Of Changes In General Fixed Assets By Function And Activity
For The Fiscal Year Ending September 30, 2003

<i>Function and Activity</i>	General Fixed Assets 9/30/02	Additions	Deductions	Transfers and Adjustments	General Fixed Assets 9/30/03
General Government:					
Commissioners	\$ 988,162	\$ 6,410	\$ (11,147)	\$ 4,302	\$ 987,727
Auditor/Recorder/Elections	333,409	18,066	(76,769)	(2,141)	272,565
Treasurer	285,465	-	-	(2,524)	282,941
Assessor	3,159,358	39,340	(33,268)	194,054	3,359,484
Buildings and Grounds	198,591	1,314	(32,390)	8,809	176,324
General	11,969,968	867,586	(52,378)	(153,877)	12,631,299
Cooperative Extension	57,747	1,449	(1,493)	3,511	61,214
Planning & Zoning	88,682	10,511	(9,460)	1,667	91,400
Office of Emergency Management	116,268	23,729	(31,987)	(3,479)	104,531
Print Shop/Mail Room	146,010	-	-	5,360	151,370
Information Systems	1,267,094	120,935	(109,394)	363,529	1,642,164
Auto Shop	428,609	2,757	-	(2)	431,364
Human Resources	4,315	-	-	-	4,315
Legal Services	22,197	-	-	(4,228)	17,969
Revaluation	253,321	2,000	(25,517)	69,142	298,946
District Court	2,825,404	9,903	(10,666)	(26,960)	2,797,681
Veterans Services	3,368	-	-	-	3,368
Prosecuting Attorney	149,067	30,498	(4,916)	(22,269)	152,380
Public Defender	104,112	-	(7,203)	(6,458)	90,451
Total General Government	22,401,147	1,134,498	(406,588)	428,436	23,557,492
Public Works:					
Airport	11,921,681	5,478,165	(12,000)	1,201	17,389,047
Total Public Works	11,921,681	5,478,165	(12,000)	1,201	17,389,047
Public Safety:					
Sheriff	3,927,152	273,033	(69,822)	(372,808)	3,757,555
Sheriff-Jail	15,618,453	11,265,773	(11,218,212)	(6,050)	15,659,963
Juvenile Diversion	39,702	2,582	-	-	42,284
Juvenile Probation/Adult Misdemeanor Probation	509,333	8,024	(5,000)	(10,483)	501,874
Juvenile Detention Center	3,713,259	23,992	-	(3,310)	3,733,941
9-1-1	2,065,707	378,328	(1,462)	20,518	2,463,091
Building Department	101,212	32,541	(24,082)	4,975	114,646
Coroner	1,274	-	-	8,383	9,657
Total Public Safety	25,976,092	11,984,273	(11,318,579)	(358,776)	26,283,011
Sanitation:					
Noxious Weed Control	40,402	-	-	14,369	54,771
Total Sanitation	40,402	-	-	14,369	54,771
Health and Welfare:					
Community Assistance	33,457	8,596	(2,956)	(4,320)	34,777
Total Health and Welfare	33,457	8,596	(2,956)	(4,320)	34,777
Culture and Recreation:					
County Fair	2,988,611	-	(2,927,973)	-	60,638
Parks and Recreation	119,621	-	-	(39,108)	80,513
Waterways/County Snowmobile	670,488	143,694	(12,658)	25,415	826,939
Marine Deputy	605,053	35,197	-	(1,471)	638,779
Total Culture and Recreation	4,383,773	178,891	(2,940,631)	(15,164)	1,606,869
Capital Projects:					
AIP-18/19 Grant	4,380,831	28,671	(4,409,502)	-	0
AIP-20	205,140	849,525	-	-	1,054,665
AIP- 21	-	18,525	-	-	18,525
Harrison Docks	3,852	106,734	-	-	110,586
WW Windy Bay	-	41,938	-	-	41,938
Twin Lakes Improvement	113,960	-	(113,960)	-	0
Total Capital Projects	4,703,783	1,045,394	(4,523,462)	-	1,225,715
Total General Fixed Assets	\$ 69,460,335	\$ 19,829,818	\$ (19,204,217)	\$ 65,746	\$ 70,151,682

STATISTICAL SECTION



**KOOTENAI COUNTY, IDAHO
General Government Revenues By Source
Last Ten Fiscal Years**

Fiscal Year	Taxes	Licenses & Permits	Inter-governmental	Fines & Forfeits	Charges for Services	Other ⁽¹⁾	Total
2003	\$ 22,925,697	\$ 1,250,646	\$ 9,181,776	\$ 1,025,637	\$ 8,297,155	\$ 999,809	\$ 43,680,720
2002	27,762,097	1,183,035	8,977,409	912,785	7,330,092	1,154,209	47,319,627
2001	27,727,887	1,144,058	8,660,288	989,524	6,367,727	2,383,813	47,273,297
2000	21,642,653	1,141,196	7,917,272	974,759	5,902,488	1,712,931	39,291,299
1999	18,700,640	1,132,102	5,980,335	865,810	5,534,286	1,595,278	33,808,451
1998	17,445,933	1,032,323	6,386,766	800,883	3,183,753	1,918,363	30,768,021
1997	16,856,646	1,027,789	5,751,298	746,716	3,251,350	1,653,307	29,287,106
1996	16,309,127	1,002,153	5,747,151	722,721	3,249,901	1,488,589	28,519,642
1995	16,321,954	935,343	4,125,655	601,826	2,878,687	1,553,731	26,417,196
1994	15,558,076	842,934	5,876,722	540,831	2,715,983	1,335,754	26,870,300

Notes:

(1) Other Revenue source includes Interest.

KOOTENAI COUNTY, IDAHO
General Government Expenditures By Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Sanitation	Health & Welfare	Culture & Recreation	Debt Service	Capital Outlay	Total
2003	\$ 21,940,546 ⁽¹⁾	\$ 17,058,194	\$ 222,643	\$ 2,092,457	\$ 772,864	\$ 2,270,078	\$ 2,927,293 ⁽²⁾	\$ 47,284,075
2002	16,328,404	19,292,767	272,388	2,168,336	691,150	2,054,451	6,681,114	47,490,612
2001	15,073,765	17,881,085	216,281	1,920,732	835,812	3,188,855	11,522,881	50,641,412
2000	17,367,905	14,906,121	210,332	1,976,557	778,821	2,452,172	5,686,928	43,380,836
1999	17,523,636	11,865,279	220,135	1,547,762	451,510	832,178	2,368,174	34,810,673
1998	15,576,440	11,078,971	151,409	1,419,459	459,036	1,344,289	3,046,061	33,077,663
1997	14,535,443	10,320,737	165,402	1,384,762	435,492	547,727	5,623,198	33,014,758
1996	12,695,900	9,652,150	152,250	1,604,897	472,368	708,930	3,801,127	29,087,622
1995	11,068,689	9,044,259	155,849	1,589,127	321,433	872,576	2,090,841	25,142,774
1994	11,445,621	8,683,356	135,596	1,531,545	595,501	-	2,996,149	25,387,768

Notes:

- (1) Functions of Public Works included in General Government**
- (2) Functions of Capital Projects included in Capital Outlay**

**KOOTENAI COUNTY, IDAHO
Assessed Valuation And Tax Rates
Last Ten Fiscal Years**

Valuation Increase

Property Tax Year	Assessed Valuation	Exemptions	Net Taxable Value	Amount	Percentage	Tax Rate per \$1,000 Value
2002	\$ 7,565,515,887	\$ 1,122,803,745	\$ 6,442,712,142	\$ 413,723,396	6.86%	3.47
2001	7,098,457,083	1,069,468,337	6,028,988,746	324,916,036	5.70%	3.58
2000	6,726,402,236	1,022,329,526	5,704,072,710	228,070,994	4.16%	3.58
1999	6,444,466,553	968,464,837	5,476,001,716	146,198,282	2.74%	4.04
1998	6,244,894,863	915,091,429	5,329,803,434	22,062,958	0.42%	3.89
1997	6,221,888,454	914,147,978	5,307,740,476	128,908,702	2.49%	3.46
1996	6,053,249,997	874,418,223	5,178,831,774	362,742,099	7.53%	3.36
1995	5,648,861,153	832,771,478	4,816,089,675	454,587,496	10.42%	3.40
1994	5,760,779,868	1,399,277,689	4,361,502,179	922,354,067	26.82%	3.66
1993	4,069,863,274	630,715,162	3,439,148,112	276,511,945	8.74%	4.66

Notes:

- (1) Tax Rate per \$1,000 Value includes the Kootenai EMS levy. The EMS levy is a legally separate taxing district, but part of the County budget approved by the Board of County Commissioners. Included for informational purposes.**
- (2) Values based on 2002 final values certified by the State of Idaho.**
- (3) Property tax year lags one year behind fiscal year.**

**KOOTENAI COUNTY, IDAHO
Property Tax Levies And Collections
Last Ten Tax Years**

Tax Year	Total Tax Levy	First Year Collections	% of Levy Collected	Delinquent Tax Collections	Total Tax Collections	% of Total Collection to Levy	Outstanding Delinquent Taxes (1)	% of Delinquent to Levy
2002	\$ 20,350,055	\$ 19,062,164	93.67%	\$ 412,774	\$ 19,474,938	95.70%	\$ 875,117	4.30%
2001	20,615,373	19,448,102	94.34%	834,083	20,282,185	98.38%	333,189	1.62%
2000	22,247,393	20,988,738	94.34%	1,168,952	22,157,690	99.60%	89,703	0.40%
1999	20,368,459	18,784,468	92.22%	1,561,306	20,345,774	99.89%	22,685	0.11%
1998	17,582,632	16,148,066	91.84%	1,432,618	17,580,684	99.99%	1,948	0.01%
1997	16,579,015	15,840,187	95.54%	737,633	16,577,820	99.99%	1,195	0.01%
1996	15,666,141	15,342,943	97.94%	322,206	15,665,149	99.99%	992	0.01%
1995	15,262,929	15,184,926	99.49%	78,003	15,262,929	100.00%	-	0.00%
1994	15,245,358	15,229,667	99.90%	13,750	15,243,417	99.99%	1,641	0.01%
1993	14,590,749	14,588,902	99.99%	1,847	14,590,749	100.00%	-	0.00%

Notes:

- (1) Cumulative outstanding prior years taxes as of 9/30 of the given year.**
- (2) Includes Kootenai EMS.**

**KOOTENAI COUNTY, IDAHO
Schedule Of Principal Taxpayers
For Tax Year 2003**

Taxpayer	Assessed Valuation	Percentage of Total Assessed Value
Avista Corporation	\$ 122,491,777	1.90%
Rathdrum Power, LLC	122,468,000	1.90%
Verizon Northwest, Inc.	101,372,809	1.57%
Gas Transmission NW Corp.	52,138,033	0.81%
Hagadone Hospitality Co., Duane B. Hagadone	48,643,902	0.76%
Stimson Lumber Company	31,956,671	0.50%
Burlington Northern & Santa Fe RR	31,625,610	0.49%
Price Development Company LPT	26,875,600	0.42%
Stephen F. Meyer, Etux	20,882,357	0.32%
Flexcel Inc.	20,705,386	0.32%
Glacier Partners, Glacier LLC Etal	18,131,107	0.28%
Kootenai Cable Inc.	17,709,296	0.27%
Inland Empire Paper	17,130,736	0.27%
Kimball International Mkt Inc.	16,053,999	0.25%
Harlan D. Douglass, Etux	11,977,580	0.19%
Black Rock Development Inc.	10,061,282	0.16%
Puryear Family LPT	9,502,480	0.15%
Wal-Mart Real Estate Business	8,807,135	0.14%
Prairie Shopping Center LLC	8,617,800	0.13%
Hayden Area Regional Sewer Board	8,613,777	0.13%
Sub Total	705,765,337	10.95%
All Other Taxpayers	5,736,946,805	89.05%
Total Assessed Taxable Value	\$ 6,442,712,142	100.00%

Notes:

(1) Based on 2003's Net Taxable Value as of December 8, 2003

KOOTENAI COUNTY, IDAHO
Property Tax Rates - Direct And Overlapping Governments
Last Ten Fiscal Years

Tax Year	County	Cities	Highways	Schools	Fire Districts	Water and Sewer Districts	Other Districts
2003	0.003652017	0.042334497	0.003308564	0.035085212	0.014383529	0.004492494	0.363509314
2002	0.003140035	0.041565119	0.003411077	0.032983081	0.013771297	0.004566066	0.201849335
2001	0.003427068	0.035371535	0.003460433	0.033352073	0.012628555	0.004484972	0.238703475
2000	0.003915718	0.037854269	0.003468173	0.003539487	0.015088141	0.004532184	0.229523911
1999	0.003734459	0.037504859	0.003404645	0.033002545	0.014368614	0.004343491	0.073524235
1998	0.003315163	0.035805428	0.003387526	0.033705983	0.014128578	0.004531613	0.052961226
1997	0.003210522	0.034459270	0.003314207	0.032419272	0.014292133	0.004938789	0.033408797
1996	0.003260597	0.036705240	0.003377785	0.031727106	0.014685807	0.005486823	0.034239553
1995	0.003505265	0.040130306	0.003587992	0.032553629	0.015403157	0.006193377	0.036676546
1994	0.004453205	0.046548382	0.004413672	0.042671216	0.017112177	0.009173112	0.025634864

Tax Year 2003	Cities	Highways	Schools	Fire	Water & Sewer	Other
Number of taxing districts	13	4	6	10	7	10
Average tax rate per district	0.003256500	0.000827141	0.005847535	0.001438353	0.000641785	0.036350931
Minimum levy rate	0.000539053	0.000579649	0.003363811	0.000781351	0.000071148	0.000268616
Maximum levy rate	0.005905991	0.001256878	0.007758000	0.002367058	0.001796565	0.019409484

Notes:

- (1) Tax rates are expressed as \$1 per market value.
- (2) Other Districts include Libraries, North Idaho College, Kootenai Hospital, Kootenai EMS, Flood Control, and URDs.
- (3) The number of URDs may change from year to year.
- (4) No single taxpayer in Kootenai County is subject to all tax levies.
- (5) 2003 Levies as of 9/30/03.

KOOTENAI COUNTY, IDAHO
Computation Of Legal Debt Margin
September 30, 2003

Assessed Valuations:	
Assessed Value	\$ 6,442,712,142
Add Back Homestead Exemptions	<u>1,122,803,745</u>
Total Assessed Value	<u><u>\$ 7,565,515,887</u></u>
Legal Debt Margin	
Debt Limitation*: 2% of assessed market value	\$ 151,310,318
Less: Debt applicable to limitation:	
Solid Waste Refunding Bonds, Series 1993 (1)	<u>-</u>
Legal Debt Margin	<u><u>\$ 151,310,318</u></u>

*Idaho Code: 31-1901;50-1019

(1) Solid Waste Refunding Bonds were paid in full in the 2002-2003 fiscal year.

**KOOTENAI COUNTY, IDAHO
Schedule Of Revenue Bond Coverage
Last Ten Fiscal Years**

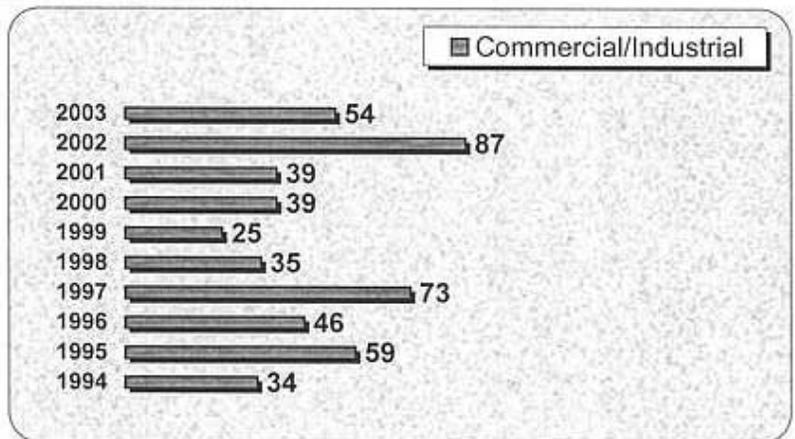
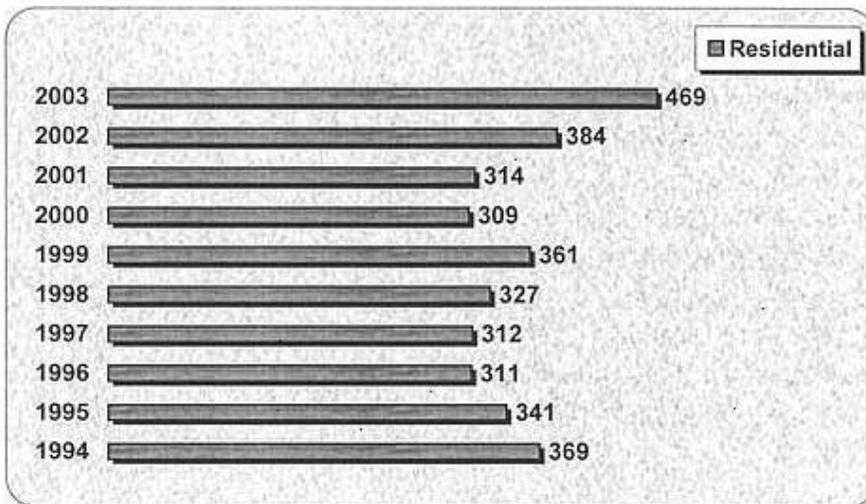
Fiscal Year	Operating Revenue	Operating Expense	Depreciation & Amortization	Net Operating Expense	Net Revenue Available for Debt Service	Debt Service (1)	Coverage Ratio
2003	\$ 7,807,475	\$ 5,019,343	\$ 1,113,672	\$ 3,905,671	\$ 3,901,804	\$ 865,458	4.51
2002	7,501,412	6,110,429	1,849,009	4,261,420	3,239,992	868,945	3.73
2001	7,376,060	5,451,444	1,256,461	4,194,983	3,181,077	864,708	3.68
2000	6,950,319	5,692,342	1,194,453	4,497,889	2,452,430	862,459	2.84
1999	6,982,504	5,735,734	956,484	4,779,250	2,203,254	867,033	2.54
1998	6,679,118	5,545,098	1,275,099	4,269,999	2,409,119	870,116	2.77
1997	6,256,997	5,319,373	1,241,814	4,077,559	2,179,438	862,760	2.53
1996	5,805,349	5,619,582	1,482,920	4,136,662	1,668,687	860,607	1.94
1995	5,464,818	4,222,973	1,020,950	3,202,023	2,262,795	862,969	2.62
1994	5,274,870	4,354,384	1,017,444	3,336,940	1,937,930	784,733	2.47

Notes:

(1) Includes principle and interest for Solid Waste bonded debt only.

KOOTENAI COUNTY, IDAHO
Building Permits And Construction Values
For The Last Ten Years

Year	Residential		Commercial/Industrial	
	Permits	Value	Permits	Value
2003	469	\$ 89,862,245	54	\$ 8,674,813
2002	384	68,390,040	87	16,937,617
2001	314	54,604,525	39	20,118,138
2000	309	49,985,661	39	5,022,672
1999	361	52,305,316	25	1,859,695
1998	327	39,898,615	35	2,400,879
1997	312	40,048,752	73	4,044,109
1996	311	39,605,188	46	4,770,837
1995	341	41,700,402	59	3,860,268
1994	369	53,191,896	34	3,148,052



Notes:

(1) Values based on estimated replacement cost per square foot as determined by the International Building Code.

KOOTENAI COUNTY, IDAHO
Miscellaneous Demographic Data And Statistics
September 30, 2003

County Seat Coeur d'Alene
 Form of Government Elected Commission
 Area of County (Acres) 844,100

Land Use:	Acres	Percent of total
Urban Land	22,800	2.7%
Agricultural	123,500	14.6%
Forest Land	649,300	76.9%
Water	38,300	4.5%
Wetlands	10,200	1.2%

Population:

2002	113,954
2001	112,297
2000	108,685
1999	104,807
1995	91,678
1990 (Census Data)	69,795
1980 (Census Data)	59,770
1970 (Census Data)	35,332

Median Age:

2000	36.1
1995 - 1999	35.7
1990 - 1994	35.0
1980 - 1989	30.1
1970 - 1979	29.7

Income - Per Capita Personal Income:

2001	\$ 23,983
1999	\$ 22,527
1998	\$ 22,038
1996	\$ 20,085
1992	\$ 17,110

Educational Level of population over age 25:

Bachelor's Degree Plus:	2000	19.1%
	1990	16.0%
	1980	13.8%
High School Degree Plus:	2000	87.3%
	1990	81.1%
	1980	75.6%

Employment by Type:	2000	1996 ^(a)	1992 ^(a)	1988 ^(a)	1984 ^(a)
Wage and Salary Employment	45,701	39,169	30,984	23,111	20,226
Farm Proprietors	593	509	528	566	628
Non-Farm Proprietors	14,478	12,402	9,405	7,667	5,570
Totals	60,772	52,080	40,917	31,344	26,424

Source for Data (except as noted below):
 Idaho Department of Commerce
 (a) U.S. Bureau of Economic Analysis

KOOTENAI COUNTY, IDAHO
Miscellaneous Demographic Data And Statistics
September 30, 2003

Land Ownership	Acres	Percent
BLM	10,349	
National Forests	243,441	
Other	486	
Federal Land	254,276	31.91%
Endowment Land	33,990	
Fish & Game	6,827	
Parks & Recreation	2,871	
University of Idaho Land	80	
State Land	43,768	5.49%
Private Land	494,957	62.11%
County Land	3,677	0.46%
Municipal Land	250	0.03%
Total	796,928	100.00%

Labor Force Unemployment

Annual Percent		Avg. Monthly Percent	
1980	11.7	Jan	10.6
1990	8.0	Feb	10.8
2000	7.4	Mar	10.2
2001	7.6	Apr	8.5
2002	8.2	May	7.9
		Jun	7.1
		Jul	7.2
		Aug	6.3
		Sep	6.5
		Oct	6.8
		Nov	7.7
		Dec	9.5

Source for Data
 Idaho Department of Commerce

**Summary of Deposits
Domestic Financial Institutions
Operating in Kootenai County, Idaho
Last Ten Years**

(dollars in millions)

Institution Type	Number of Branches	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
<i>(1) Data as of June 30th</i>											
Commercial Banks	39	\$ 1,002	\$ 923	\$ 880	\$ 847	\$ 802	\$ 696	\$ 728	\$ 738	\$ 722	\$ 696
FDIC Savings Banks	4	127	106	69	60	47	82	57	41	27	16
<i>(2) Data as of December 31st</i>											
Credit Unions	3	23	22	23	20	21	20	16	15	15	13
Total	46	\$ 1,152	\$ 1,051	\$ 972	\$ 927	\$ 870	\$ 798	\$ 801	\$ 794	\$ 764	\$ 725

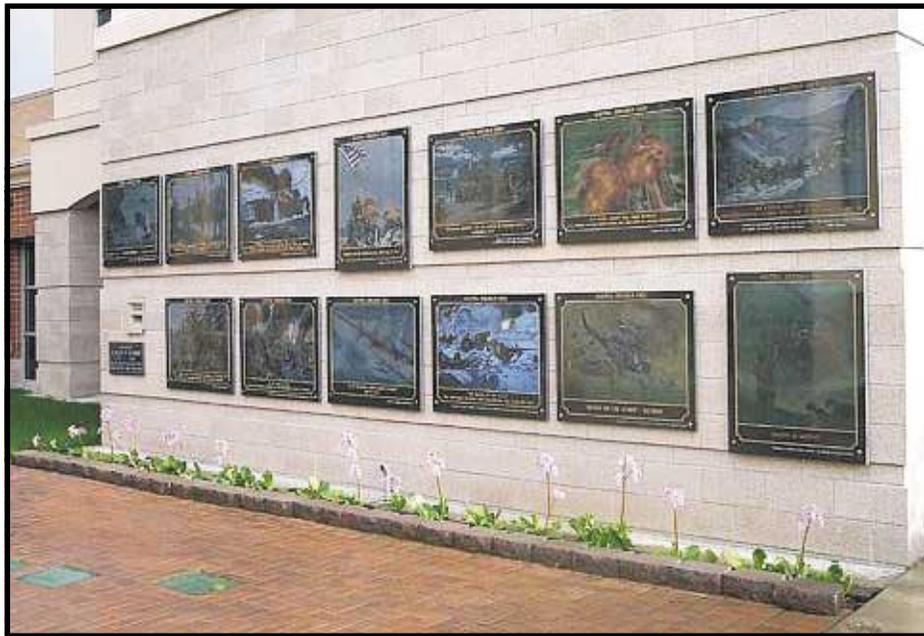
(1) Source: Federal Deposit Insurance Corporation

(2) Source: Idaho Credit Union League

SINGLE AUDIT SECTION



AUDITORS' SECTION





LE MASTER &
DANIELS PLLC

SPOKANE
COLFAX
GRANDVIEW
MOESLAKE
OMAK
OTHELLO
QUINCY
TRI-CITIES
WALLA WALLA
WENATCHEE
YAKIMA

ACCOUNTING

AND

CONSULTING

SERVICES

MEMBER OF

McGLADREY

NETWORK

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

Board of County Commissioners
Kootenai County
Coeur d'Alene, Idaho

We have audited the financial statements of Kootenai County, Idaho (the "County") as of and for the year ended September 30, 2003, and have issued our report thereon dated December 12, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of County Commissioners, management, 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.

LeMaster & Daniels PLLC

Spokane, Washington
December 12, 2003



LE MASTER &
DANIELS PLLC

SPOKANE	QUINCY
COLFAX	TRI-CITIES
GRANDVIEW	WALLA WALLA
MOESLAKE	WENATCHEE
OMAK	YAKIMA
OTHELLO	

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

ACCOUNTING

AND

CONSULTING

SERVICES

Board of County Commissioners
Kootenai County
Coeur d'Alene, Idaho

MEMBER OF

Compliance

McGLADREY

NETWORK

We have audited the compliance of Kootenai County (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2003. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2003.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of County Commissioners, management, 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.

LeMaster & Daniels PLLC

Spokane, Washington
December 12, 2003

KOOTENAI COUNTY, IDAHO

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003**

Section 1 – Summary of Auditors’ Results

FINANCIAL STATEMENTS:

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es) _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es) _____ Yes X None reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in compliance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Numbers

20.106
10.664
16.523

Name of Federal Program or Cluster

Airport Improvement Program
Wildland Urban Interface
Dept. of Juvenile Corrections
Block Grant

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

KOOTENAI COUNTY, IDAHO

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003**

Section II - Financial Statement Findings

There were no current year audit findings.

KOOTENAI COUNTY, IDAHO

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2003**

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

AUDITEES' SECTION



Kootenai County Comprehensive Annual Financial Report - FY 2003

**State of Idaho
KOOTENAI COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of September 30, 2003**

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identifying Number	Award amount	2002-2003 expenditures
<u>U. S. DEPARTMENT of AGRICULTURE</u>				
Passed through Idaho State Superintendent of Public Instruction:				
School Breakfast - Lunch Program	10.553	RC-28-03	variable	\$ 49,372.98
Passed thru Idaho Department of Lands				
Wildland Urban Interface Community & Rural Fire Assistance	10.664	NFPG 01-I-12-CP	3,098,385.00	874,074.93
				<u>923,447.91</u>
<u>U. S. DEPARTMENT of INTERIOR</u>				
Passed through Idaho Bureau of Land Management				
Wildland Urban Interface Community & Rural Fire Assistance	15.228	DAA010411	285,000.00	132,616.15
Passed through Idaho State Parks & Recreation				
Land & Water conservation Fund Grant	15.916	41-03-28-3 41-03-BG-1; GWW4-1-28-1	383,030.00	155,764.78
				<u>288,380.93</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Programs:				
Community Policing and Public Safety Grants	16.710	2002-UMWX-0160	150,000.00	45,612.78
Juvenile Drug Court	16.585	2002-LB-BX-0048	78,000.00	168,331.20
Passed through Idaho Department of Juvenile Corrections:				
Victim Impact	16.540	01-VM11-01	18,603.00	13,443.97
JAIBG	16.523	01-JA11-04	331,062.00	286,508.59
Passed through Idaho Department of Health and Welfare:				
Domestic Violence Grant	16.576	KC159400	20,000.00	10,951.37
Passed through Idaho State Police				
STOP Violence Against Women	16.588	01-STOP-11-PR-1/02-STOP-11-PR-2	157,796.00	83,734.88
KC Adult Drug Court	16.579	03-BYRN-02-DC-1	37,036.00	2,738.21
Passed through Idaho Office of Highway Safety				
"Fast Track" DUI Court	16.579	SD30107	30,000.00	27,583.55
KC Enhanced Misdemeanor DUI Probation officer Program	16.579	SD3J807	67,000.00	51,502.00
				<u>690,406.55</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Programs:				
Airport Improvement Program	20.106	Major Program	various	1,584,584.58
FTA Section 5307 Small Urbanized Area Grant	20.507	ID-90-X060	291,107.00	237,505.63
Passed through State Department of Parks and Recreation:				
Boating Safety Financial Assistance	20.005	42-03-28-1	55,449.00	55,449.00
Passed through Idaho Office of Highway Safety				
402 Impaired Driving Grant	20.601	SD30105	18,000.00	18,000.00
				<u>1,895,539.21</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through State of Idaho Military Division:				
Hazard Mitigation Grant	97.039	EMS-2002-GR-4010	45,000.00	9,552.48
CEMPG	97.042	EMS-2003-GR-4032	55,507.00	30,203.00
Citizens Corp	97.053	EMS-2003-GR-4049	7,000.00	2,051.27
Community Emergency Response Team (CERT)	97.054	EMS-2003-GR-4049	18,593.40	7,052.67
All Hazard Emergency Operating Planning (EOP)	97.051	EMS-2003-GR-4048	80,850.00	44,342.04
				<u>93,201.46</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 3,890,976.06

KOOTENAI COUNTY, IDAHO

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2003**

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Kootenai County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Not all of the state pass-through identifying numbers have been made available.

KOOTENAI COUNTY, IDAHO

**CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2003**

Contact Person Responsible for Corrective Action:

David McDowell, Finance Director
451 Government Way
P.O. Box 9000
Coeur d'Alene, ID 83816-9000

Corrective Action Planned:

No matters were reported.

KOOTENAI COUNTY, IDAHO

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2003**

Findings from the Year Ended September 30, 2002

No matters were reported.

KOOTENAI COUNTY, IDAHO

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2003**

**Findings from Prior Audit's Summary Schedule of Prior Audit Findings
from the Year Ended September 30, 2001, and Prior**

All matters have been resolved.