

Kootenai County, Idaho



COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2004

DANIEL J. ENGLISH ~ AUDITOR

Cover photo: Aerial view of the Coeur d'Alene Airport viewing towards the northwest, with the new Empire Airlines site located off the point of the delta between the runway extensions.



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

Kim Stevenson

Accounting Staff

Judy Poole

Sandi Strobel

Sharon LaFountain

Sandra Black

Linda Leigh / Dawn Maciosek

Judy Nelson

Diane Bush

*A special thank you to the Kootenai County Reprographics Department and
Ron Harbison, Commercial & Graphic Artist, for their help in producing this report.*

TABLE OF CONTENTS
KOOTENAI COUNTY, IDAHO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004

INTRODUCTORY SECTION

| | |
|---|---|
| Auditor s Letter of Transmittal | 1 |
| Elected Officials | 7 |
| Organization Table | 8 |

FINANCIAL SECTION

| | |
|---|----|
| Report of Independent Auditor | 11 |
| Management's Discussion and Analysis | 15 |
| Basic Financial Statements | |
| Statement of Net Assets | 25 |
| Statement of Activities | 26 |
| Balance Sheet Governmental Funds | 28 |
| Reconciliation | 29 |
| Statement of Revenues, Expenditures and Changes in Fund Balances, Governmental Funds | 30 |
| Reconciliation | 31 |
| Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual, General Fund | 32 |
| Statement of Net Assets, Solid Waste Proprietary Fund | 33 |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets, Solid Waste Proprietary Fund | 34 |
| Statement of Cash Flows, Proprietary Fund | 35 |
| Statement of Fiduciary Net Assets, Fiduciary Funds | 37 |
| Statement of Changes in Fiduciary Net Assets, Fiduciary Funds | 38 |
| Notes To The Financial Statements | |
| Notes Index | 43 |
| Supplementary Information | |
| Non-major Governmental Funds, Special Revenue Funds, defined | 65 |
| Non-major Capital Projects Funds, Capital Projects Funds, defined | 66 |
| Combining Balance Sheet Non-major Governmental Funds | 67 |
| Combining Balance Sheet Non-major Special Revenue Funds | 68 |
| Combining Balance Sheet Non-major Capital Projects Funds | 71 |
| Statement of Revenues, Expenditures and Changes in Fund Balances, Non-major Governmental Funds | 72 |
| Statement of Revenues, Expenditures and Changes in Fund Balances, Non-major Special Revenue Funds | 73 |
| Statement of Revenues, Expenditures and Changes in Fund Balances, Non-major Capital Project Funds | 76 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual | |
| Airport and County Fair Special Revenue Funds | 77 |
| Noxious Weeds and Health District Special Revenue Funds | 78 |
| Historical Society and Parks and Recreation Special Revenue Funds | 79 |
| Snowmobile and County Vessel Special Revenue Funds | 80 |
| Public Access and Indigent Special Revenue Funds | 81 |
| FTA Public Transportation and District Court Special Revenue Funds | 82 |
| Revaluation and Kootenai Emergency Management Special Revenue Funds | 83 |
| General Construction and Centennial Trail Capital Projects Funds | 85 |
| Fiduciary Funds, defined | 85 |
| Combining Statement of Fiduciary Assets and Liabilities, Fiduciary Funds | 86 |
| Statement of Changes in Fiduciary Assets and Liabilities, Fiduciary Funds | 90 |

Kootenai County Comprehensive Annual Financial Report - FY 2004

Capital Assets Used In The Operation Of Governmental Funds

| | |
|---|----|
| Capital Assets Used in the Operation of Governmental Funds, Comparative Schedules by Source | 95 |
| Capital Assets Used in the Operation of Governmental Funds, Schedule by Function and Activity | 98 |

STATISTICAL SECTION

| | |
|--|-----|
| Statistical Section Index | 103 |
| Net Assets by Component | 104 |
| Changes in Net Assets | 105 |
| Governmental Activities Tax Revenue by Source (accrual basis) | 107 |
| Fund Balances of Governmental Funds | 108 |
| Changes in Fund Balances of Governmental Funds | 110 |
| Governmental Activities Tax Revenue by Source (modified accrual basis) | 112 |
| Assessed Valuation and Tax Rates | 113 |
| Property Tax Rates - Direct and Overlapping Governments | 114 |
| Principal Property Taxpayers | 115 |
| Property Tax Levies and Collections | 116 |
| Schedule of Revenue Bond Coverage | 117 |
| Schedule of Direct and Overlapping Debt | 118 |
| Legal Debt Margin Information | 119 |
| Demographic and Economic Statistics | 120 |
| Principal Employers | 121 |
| County Employees by Function | 122 |
| Schedule of Foregone Amounts | 123 |
| Building Permits and Construction Values | 124 |
| Domestic Financial Institutions Operating in Kootenai County | 125 |

SINGLE AUDIT SECTION

Auditors' Section

| | |
|--|-----|
| Report on Compliance and on Internal Control | 131 |
| Report on Compliance with Requirements in Accordance with OMB Circular A-133 | 132 |
| Schedule Of Audit Findings And Questioned Costs | 134 |

Auditees' Section

| | |
|---|-----|
| Schedule Of Expenditures of Federal Awards | 140 |
| Schedule Of Audit Findings And Questioned Costs | 142 |
| Corrective Action Plan | 143 |
| Summary Schedule Of Prior Audit Findings | 144 |

INTRODUCTORY SECTION

Empire Airlines lands their new corporate headquarters and maintenance hangar at the Coeur d'Alene Airport.



The new Empire Airlines corporate headquarters sign.



Southern view of the new maintenance hangar.

Kootenai County assumes a new pivotal role in economic development with this project.

One of the highlights of the 2004 fiscal year was the economic development project with Empire Airlines at the Coeur d Alene Airport. Their Corporate Headquarters and the major portion of their maintenance operations relocated to a previously undeveloped portion of the Coeur d Alene Airport. This project was a very complex collaboration of efforts and critical interdependent tasks. We would like to recognize the entities that contributed to the success of this project:

| - Contributing Entities - | |
|---|---|
| State of Idaho | Governor Dirk Kempthorne Lt. Governor James Risch Sen. Dick Compton and Sen. John Goedde |
| U. S. Senate | Sen. Larry Craig and Sen. Mike Crapo |
| Kootenai County | Commissioners Dick Panabaker, Gus Johnson, and Rick Currie |
| City of Hayden | Mayor Ron McIntire |
| U. S. Economic Development. Administration | Rick Tremblay |
| State Department of Commerce. and Labor | Roger Madsen, Greg Siebert, and Dennis Porter |
| Panhandle Area Council | Jim Deffenbaugh, Nancy Mabile |
| Hayden Area Regional Sewer Board | Kent Helmer |
| Lakes Highway District | Chris Hansen, Mark Soderling, and Dean Primmer |
| Avondale Irrigation District. | Bob Chandler |
| Jobs Plus | Steve Griffitts |
| Avista Utilities | Paul Anderson, Vern Newby and Sharmon Schmitt |
| Federal Aviation Administration | |
| U. S. Department of Commerce | |
| Northern Lakes Fire District | |

The project involved a delicate balance of development activities requiring a careful orchestration of activities between all levels of government in concert with a willing partner in the form of the Empire Airlines. The project management team from Empire Airlines consisted of Tim Komberec, CEO, John Parry, CFO and Larry Tucker, Operations. Panhandle Area Council (PAC) Executive Director, Jim Deffenbaugh, stated he has never been involved with a project involving this level of cooperation between such a diverse mix of agencies. A compressed timeline was required to coordinate project completion with the operational needs for Empire Airlines. The construction occurred over ten months versus a more standard project period of twenty-four months. Internally, the Board of County Commissioners, Coeur d Alene Airport, Planning & Zoning, and Solid Waste Departments all played critical rolls for the County in keeping the process moving forward. The result of this extended effort is the solidification of an influential employer in Kootenai County who will make significant contributions to the community and economic environment for years to come.

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, 2003

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.



Nancy L. Zelle

President

Jeffrey R. Egan

Executive Director



A Division of Kootenai County

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, 2005

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, 2004. 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 funds 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, 2003. 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 ten consecutive years (fiscal years 1994-2003). 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: Willeen Corey, Daniel Duffey, David McDowell, Celia Peterson, and Kim Stevenson.

The comprehensive annual financial report is presented in four major sections: Introductory, Financial, Statistical, and Single Audit (Auditors and Auditees sections). The introductory section includes a certificate of achievement, this transmittal letter, a list of principal officials, and the County's organization chart. The financial section includes the independent auditors' report and the Management Discussion and Analysis (MD&A) which provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The financial section also includes the basic financial statements, notes to the financial statements, the supplemental combining and individual fund

Kootenai County Comprehensive Annual Financial Report - FY 2004

financial statements and schedules, as well as capital assets used in the operation of Governmental Funds. The Statistical Section includes unaudited financial and demographic information generally presented on a multi-year comparative basis. The Single Audit Section includes two independent auditors' reports on compliance and internal controls, one in accordance with Government Auditing Standards and one in accordance with OMB Circular A-133. Additionally, this section includes a Schedule of Expenditures of Federal Awards, a Schedule of Audit Findings for the current fiscal year and prior years, and a Corrective Action Plan for the fiscal year ending September 30, 2004. Kootenai County is required to undergo a 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*.

Kootenai County provides a full range of government services. These include police protection, judicial systems, detention facilities, 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 and component units of the County. In addition to general county activities, the Board of Commissioners is financially accountable for both the North Idaho Fair & Rodeo 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 exceeding 121,000. 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 populations of approximately 197,000 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 Orielle, 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, 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. A couple of the more recent additions to the business community include Buck Knives and U. S. Bank, who has recently broken ground on a new call center facility that will employ 500.

The population and economy of Kootenai County has settled into a consistent growth pattern over the last decade and a half. Regional economic picture continues to look strong with forecasts indicating continuing growth in the regional economy. The projections continue to indicate that Idaho in general will continue to grow at a pace greater than the national averages.

MAJOR INITIATIVES

The major accomplishments and events of the County during 2004 included continued facilities improvement. Several goals were met during fiscal year 2004. These include:

1. The new entry way expansion to the solid waste transfer station on Ramsey was completed resulting in a substantially improved traffic flow with two inbound and outbound lanes and scales.
2. A major multi-agency effort resulted in new facilities for Empire Airlines being located at the Coeur d Alene Airport. The entities involved included federal, state and local governments of virtually every variety imaginable to move this significant economic engine into the County.
3. Additionally, development and improvement of the airport facilities on the previously undeveloped north side of the airport supported the relocation of Empire Airlines and joined the new areas to the existing facility.
4. The voter approved sales tax which passed in the November 2003 election was re-implemented in April and is generating better than anticipated results through the first eight months of collections.

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 2005. These include:

1. A closer look at the compensation system for the County to assure that employees receive adequate compensation, in an effort to reduce turnover and its related costs.
2. A more detailed look at the status of existing County facilities to address dilapidation of older structures and provide opportunities for improved functionality through facility design. An initiative will be put on the November 2005 ballot for an additional expansion of the adult detention facilities utilizing the local option sales tax.
3. Continued planning and development of north side and other parts of the airport to accommodate additional 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 2004. The overall economy has recovered and is once again on a boom pace with housing development leading the way.

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, 2004 provided no instances of material weakness.

BUDGETARY CONTROL

The annual County budget process begins at the beginning of April each year with the distribution of budget request packets to elected officials and department heads. By the third week in April, 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 and statutory compliance 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, and court ordered victim restitution.

COMPONENT UNITS

Kootenai County includes both the North Idaho Fair & Rodeo 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 North Idaho 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 North Idaho Fair & Rodeo 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, 2003, the Fair had net income of \$91,994. For the fiscal year ending December 31, 2002, the Fair had net income of \$46,502.

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 \$1,706,320. This is the final year of the two year voter approved override levy that paid off all of the outstanding obligations of KCEMSS, and the system is currently devoid of any significant financing obligations in accordance with the financial restructuring plan. The organization is now stable and has moved from a net asset deficit of (\$991,887) at the end of fiscal year 2002 to its current status with net assets of \$2,337,081 at the end of the current year.

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 \$716,482 was recognized in fiscal year 2004. Of this amount, \$381,385 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, 2004, the Solid Waste operation does not have any debt remaining for the current equipment and facilities that are in service. We anticipate that all future development of landfill and collection facilities will be funded from reserves established in the enterprise fund to facilitate 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. The enabling legislation for

Kootenai County Comprehensive Annual Financial Report - FY 2004

the local option tax has been reinstated and collections resumed in April, 2004. As a result of the successful measure, only a single year of the debt service will be paid from regular county operating revenues.

The County is contingently liable for its component unit's (North Idaho Fair & Rodeo) note payable. The original note, totaling \$250,000, was used to finance the construction of the Food Court building. The balance at December 31, 2003, \$6,031, 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 & 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 basic financial statements and combining and individual fund statements, schedules, and the single audit are included in the financial and single audit section of this report.

Sincerely,



Daniel J. English
Kootenai County Auditor



Steve J. Gus Johnson



Rick Currie



Richard C. Panabaker



Daniel J. English



Tom Malzahn



Mike McDowell



Rocky Watson



Bill Douglas



Dr. Robert West

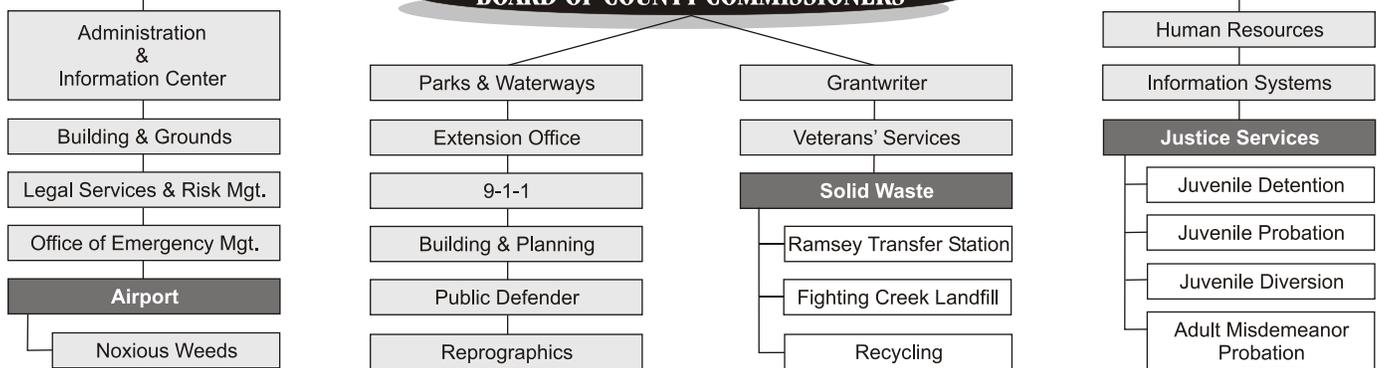
**District Judge
District Judge
District Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge
Magistrate Judge**

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

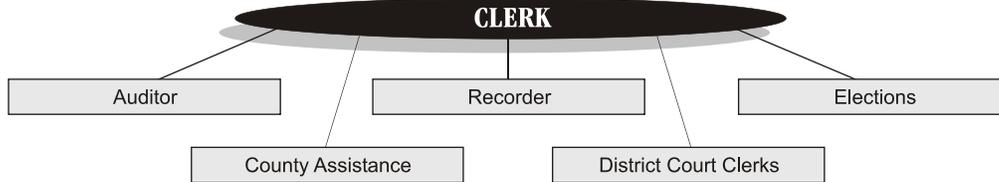
KOOTENAI COUNTY, IDAHO ORGANIZATIONAL CHART January 2004

VOTERS

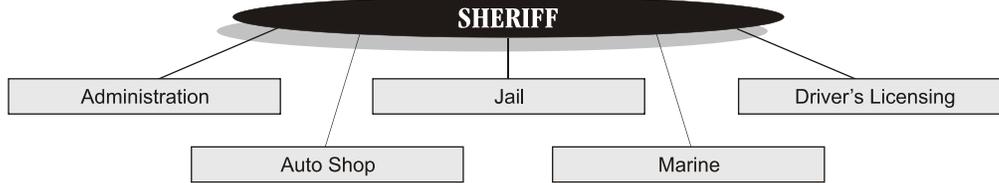
BOARD OF COUNTY COMMISSIONERS



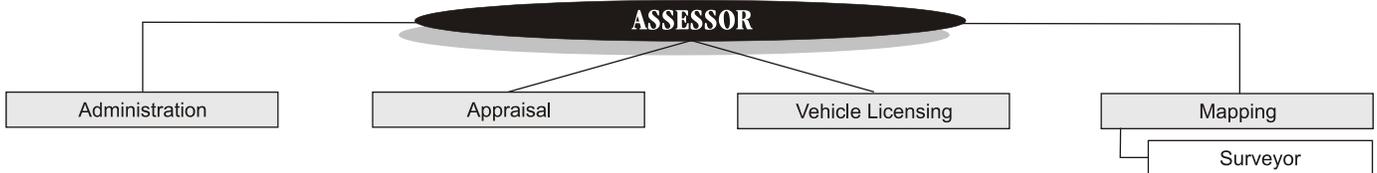
CLERK



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



Did you know Empire operates 6 Fokker F27s, 34 Cessna 208s and 4 ATR 42 aircraft. They are in the process of retiring F27s and replacing them with ATRs so these numbers will be changing frequently during 2005.



A view of the new Empire Airlines maintenance hangar with all hangar doors open. The Mega door is in four sections to allow for aircraft movement without opening all of them and for one of them to be taller to accommodate the tail section. The panels measure 60 wide x 34 high, 40 w x 34 h, 40 w x 44 h, and 40 w x 34 h, for a total opening of 180 wide. All four sections can open completely in 60 seconds.

The Panhandle Area Council provided critical financial, grant writing and grant administration services in completing the Empire project.

An excerpt from a recent Empire Airlines press release:

On March 18, 2005 Empire Airlines rolled out the red carpet for Idaho Governor Dirk Kempthorne, Lieutenant Governor James Risch, and other dignitaries taking part in the ribbon cutting ceremony for the new heavy maintenance hangar. All speakers praised the cooperative efforts of the many local and state agencies involved who helped make the hangar a reality.

Tim Komberec, President and CEO of Empire Airlines, stated, *I honestly believe Idaho is a more business friendly place. When we were looking at Idaho and another state we were impressed with the sincerity of everyone involved in Idaho from county officials, local economic development professionals and to the Idaho Commerce & Labor. It is a major milestone for our company to have a new maintenance facility and a new office building on the same site. Our staff is now together which has improved efficiencies and is a major cost savings for us."*

In Empire's monthly newsletter Tim Komberec wrote:

On behalf of all Empire Employees and the Board of Directors, I would like to thank Governor Dirk Kempthorne, Lieutenant Governor Risch, Senator Goedde, Roger Madsen, Department of Commerce, Jim Deffenbaugh, Panhandle Area Council and Commissioner Panabaker for their efforts and leadership in helping make this project a reality. We want to extend our thanks to Dean Haagenson and Contractors Northwest for taking on this project, Steve Griffiths, President of Jobs Plus, and the many others too numerous to name here who have worked and supported this project.



LE MASTER &
DANIELS PLLC

SPOKANE
COLFAX
GRANDVIEW
MOESLAKE
OMAK
OTHELLO

QUINCY
TRI-CITIES
WALLA WALLA
WENATCHEE
YAKIMA
BOISE

INDEPENDENT AUDITORS REPORT

ACCOUNTING

AND

CONSULTING

SERVICES

MEMBER OF

McGLADREY

NETWORK

Board of County Commissioners
Kootenai County
Coeur d Alene, Idaho

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, 2004, and the business-type activities of the County as of and for the years ended September 30, 2004 and 2003, 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 North Idaho Fair & Rodeo 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, 2004, which are included in the County's basic financial statements. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units North Idaho Fair & Rodeo and Kootenai County Emergency Medical Services System, is based solely on the reports of the other auditors.

We conducted our audits 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 audits and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports 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 of Kootenai County, Idaho, as of September 30, 2004, 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, 2004 and 2003, 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 Governmental Auditing Standards Board (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 16, 2004, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be 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 financial statements taken as a whole.

A handwritten signature in cursive script that reads "LeMaster & Daniels PLLC".

Spokane, Washington

December 16, 2004

MANAGEMENT DISCUSSION AND ANALYSIS



Did you know In addition to being a cargo carrier, Empire Airlines provides maintenance services throughout the west and recently moved to their new corporate office and 53,000 sq ft hangar at the Coeur d Alene Airport.



The new corporate headquarters for Empire Airlines.

Coeur d Alene Airport Manager, Greg Delavan stated, This was not an easy project. It would have made a good 2-year project, but we only had 8 months to complete it; therefore, we faced many challenges The glue that held it together when issues became difficult was the leadership of Empire CEO, Tim Komberec and Kootenai County Board Chairman Dick Panabaker.

About Empire Airlines -

The aviation business demands excellence and innovation. It demands a company like Empire Airlines - a company that combines a passion for aviation, service, reliability and safety with a commitment to do business with integrity and leadership.

We Can Do That is our slogan. For nearly thirty years, our staff of seasoned airline professionals has served our customers with reliability and deadline-meeting results.

We can do your project too.



Airline Startups | Fleet Provisioning | Freight Services

We Can Do That



Heavy Maintenance Checks
Avionics
Modifications
Sheet Metal Repair
Composite Repair
plus much more...



On Demand Passenger & Cargo Charters
Airport to Airport or Door to Door
Air Charter Management Services
Logistics Services
Short & Long Term Contract Flying

**Kootenai County
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2004
(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, 2004. 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 information from the prior year.

Financial Highlights

The key financial highlights for 2004 are as follows:

At the end of the current year, the County's governmental activities reported a combined ending net asset balance of \$47,782 thousand. Of this amount, \$10,650 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 \$9,855 thousand, which represents a 23.1 percent increase from the prior year and represents 26.8 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.

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. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. 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.

Kootenai County Comprehensive Annual Financial Report - FY 2004

Component Units The County's financial statements include financial data of the Kootenai County Emergency Medical Services System, and the North Idaho Fair & Rodeo. 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 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 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison 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. 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-wide 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 2004:

| | Kootenai County's Net Assets (amounts in 000) | | | | | | Total Percentage Change 2003-2004 |
|--|--|------------------|-----------------------------|------------------|------------------|------------------|--|
| | Governmental Activities | | Business-type Activities | | Total | | |
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | |
| Current and other assets | \$ 39,545 | \$ 46,577 | \$ 13,923 | \$ 16,099 | \$ 53,468 | \$ 62,676 | 17.2% |
| Capital assets | 43,011 | 43,003 | 14,488 | 14,783 | 57,499 | 57,786 | 0.5% |
| Total assets | 82,556 | 89,580 | 28,411 | 30,882 | 110,967 | 120,462 | 8.6% |
| Long-term debt outstanding | 11,782 | 11,825 | 155 | 175 | 11,937 | 12,000 | .5% |
| Other liabilities | 31,363 | 29,973 | 3,616 | 4,184 | 34,979 | 34,157 | -2.5% |
| Total liabilities | 43,145 | 41,798 | 3,771 | 4,359 | 46,916 | 46,157 | -1.6% |
| Net assets | | | | | | | |
| Invested in capital assets, net of related debt | 31,011 | 32,657 | 2,830 | 1,883 | 33,841 | 34,540 | 2.1% |
| Restricted | 365 | 4,475 | 3,249 | 3,938 | 3,614 | 8,413 | 132.8% |
| Unrestricted | 8,035 | 10,650 | 18,560 | 20,702 | 26,595 | 31,352 | 17.9% |
| Total net assets | \$ 39,411 | \$ 47,782 | \$ 24,639 | \$ 26,523 | \$ 64,050 | \$ 74,305 | 16.0% |

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 \$27,590 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 \$74,305 thousand (\$47,782 thousand in governmental activities and \$26,523 in business activities) as of September 30, 2004. By far, the largest portion of the County's net assets \$34,540 thousand (46.5 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.

A portion of the County's net assets \$8,413 thousand (11.3 percent) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets \$31,352 thousand (42.2 percent) may be used to meet the county's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Kootenai County Comprehensive Annual Financial Report - FY 2004

Table 2, shows the changes in net assets for 2004:

Changes in Kootenai County's Net Assets as of September 30, 2003 and 2004 (amounts in 000)

| | Governmental Activities | | Business-type Activities | | Total | | Percentage Change 2003-2004 |
|---|----------------------------|-----------------|-----------------------------|-----------------|-----------------|------------------|-----------------------------------|
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | |
| Revenues | | | | | | | |
| Charges for services | \$ 15,832 | \$ 18,002 | \$ 7,773 | \$ 8,363 | \$ 23,605 | \$ 26,365 | 11.7% |
| Federal grants | 2,082 | 1,829 | 6 | 7 | 2,088 | 1,836 | -12.1% |
| State grants | 1,841 | 2,987 | - | - | 1,841 | 2,987 | 62.2% |
| General revenues | | | | | | | |
| Property taxes | 23,031 | 27,675 | - | - | 23,031 | 27,675 | 20.2% |
| Sales taxes | 14 | 4,664 | - | - | 14 | 4,664 | 33214.3% |
| Other | 1,000 | 1,270 | 531 | 472 | 1,531 | 1,742 | 13.8% |
| Total revenues | 43,800 | 56,427 | 8,310 | 8,842 | 52,110 | 65,269 | 25.3% |
| Expenses | | | | | | | |
| General government | 22,652 | 22,805 | - | - | 22,652 | 22,805 | 0.7% |
| Public works | 1,550 | 1,759 | - | - | 1,550 | 1,759 | 13.5% |
| Public safety | 18,029 | 18,421 | - | - | 18,029 | 18,421 | 2.2% |
| Sanitation weed control | 231 | 297 | - | - | 231 | 297 | 22.2% |
| Health and welfare | 2,095 | 2,614 | - | - | 2,095 | 2,614 | 24.8% |
| Culture and recreation | 867 | 959 | - | - | 867 | 959 | 10.6% |
| Capital projects | 28 | 64 | - | - | 28 | 64 | 128.6% |
| Interest on long term debt | 755 | 640 | - | - | 755 | 640 | -15.2% |
| Solid waste | - | - | 5,076 | 6,510 | 5,076 | 6,510 | 28.3% |
| Total expenses | 46,207 | 47,559 | 5,076 | 6,510 | 51,283 | 54,069 | 5.4% |
| Excess (deficiency) before special items and transfers | (2,407) | 8,868 | 3,234 | 2,332 | 827 | 11,200 | 1254.3% |
| Gain on sale of assets | 89 | 215 | 14 | 33 | 103 | 248 | 140.8% |
| Transfers | (770) | (712) | (419) | (482) | (1,189) | (1,194) | 0.4% |
| Increase (decrease) in net assets | \$ (3,088) | \$ 8,371 | \$ 2,829 | \$ 1,883 | \$ (259) | \$ 10,254 | -4059.1% |

Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$18,002 thousand or 31.9 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 \$4,816 thousand or 8.5 percent of total governmental revenues. The major recipients of intergovernmental program revenues were the Airport and Justice Services.

Property tax revenues account for \$27,675 thousand of the \$56,427 thousand total revenues for governmental activities, or 48.9 percent of total revenues.

The Sheriff's Jail program accounted for \$5,511 thousand of the \$47,559 thousand total expenses for governmental activities, or 11.6 percent of total expenses. The next largest program was Sheriff's Patrol, accounting for \$3,744 thousand and representing 7.9 percent of total governmental expenses.

Kootenai County Comprehensive Annual Financial Report - FY 2004

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.

Net Cost of Kootenai County's Governmental Activities
as of September 30, 2003 and 2004
(amounts in 000)

| | Total Cost of Services | | Percentage Change 2003-2004 | Net Cost of Service | | Percentage Change 2003-2004 |
|---------------------------|------------------------|------------------|--------------------------------|---------------------|------------------|--------------------------------|
| | 2003 | 2004 | | 2003 | 2004 | |
| General government | \$ 22,652 | \$ 22,805 | 0.7% | \$ 16,142 | \$ 11,736 | -27.3% |
| Public works | 1,550 | 1,759 | 13.5% | 1,491 | 1,703 | 14.2% |
| Public safety | 18,029 | 18,421 | 2.2% | 14,279 | 9,952 | -30.3% |
| Sanitation (Weed control) | 231 | 297 | 28.6% | 213 | 267 | 25.4% |
| Health and welfare | 2,095 | 2,614 | 24.8% | 2,095 | 2,614 | 24.8% |
| Culture and recreation | 867 | 959 | 10.6% | 811 | 377 | -53.5% |
| Capital projects | 28 | 64 | 128.6% | (1,799) | (2,548) | 41.6% |
| Other | 754 | 640 | -15.1% | 754 | 640 | -15.1% |
| Total | \$ 46,206 | \$ 47,559 | 2.9% | \$ 33,986 | \$ 24,741 | -27.2% |

Charges for services and operating grants of \$20,989 thousand (44.13 percent of the total costs of services) are received and used to fund the general government expenses of the County. The remaining \$24,741 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 \$1,883 (thousand) during 2004 and the major revenue sources were charges for services of \$8,363 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, 2004, the County's governmental funds reported a combined ending fund balance of \$15,126 thousand, an increase of \$6,726 thousand in comparison with the prior year. Approximately 70.4 percent of this total (10,650 thousand) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is reserved, approximately 29.6 percent, to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes (\$4,476 thousand).

The General Fund is the primary operating fund of the County. At the end of 2004, unreserved fund balance was \$9,856 thousand, while total fund balance was \$10,093 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 26.8 percent to total General Fund expenditures, while total fund balance represents 27.4 percent of that same amount.

The County's General Fund balance has increased by \$1,833 thousand during fiscal year 2004. A key factor in this increase was general expenditures were *under* budgeted expenditure 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, 2004, were \$20,702 thousand. Unrestricted net assets increased by \$2,142 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 \$4,392 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, 2004, amounts to \$57,786 thousand (net of depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress. (See Table 4, following) The total increase in the county's investments in capital assets for the current fiscal year (including depreciation, additions and deductions) was 0.4 percent (a 0.0 percent increase for governmental activities and a 1.7 percent increase for business type activities). Beginning balances for 2003 have been adjusted to reflect prior year investments in capital assets.

Table 4

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

| | Governmental Activities | | Business-type Activities | | Total | | Total Percentage Change 2003-2004 |
|-----------------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|--------------------------------------|
| | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | |
| Land | \$ 4,028 | \$ 4,063 | \$ 986 | \$ 1,275 | \$ 5,014 | \$ 5,338 | 6.5% |
| Buildings | 25,709 | 24,525 | 36 | 399 | 25,745 | 24,924 | -3.2% |
| Improvements other than Buildings | 7,761 | 7,077 | 11,629 | 11,401 | 19,390 | 18,478 | -4.7% |
| Machinery and Equipment | 4,013 | 3,726 | 1,814 | 1,636 | 5,827 | 5,362 | -8.0% |
| Construction in Progress | 1,516 | 3,612 | 72 | 72 | 1,588 | 3,684 | 132.0% |
| Total | \$ 43,027 | \$ 43,003 | \$ 14,537 | \$ 14,783 | \$ 57,564 | \$ 57,786 | 0.4% |

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

The Emergency Management Systems Building leased at an annual cost of \$7.8 thousand was sold during the course of the year.

The Waterways Department completed the Harrison Improvement Project begun in 2002 for docks, ramps and facilities for the general public. The total cost was \$363 thousand. \$252 thousand was expended in the current year.

Current fiscal year expenditures for the on going improvements to the infrastructure at the Airport were \$2,299 thousand. Of that cost, \$973 thousand was for the current improvement project at the north end of the airport implemented to stimulate the expansion of commercial growth, and support the Empire Airlines project.

The Sheriff's Department purchased eight new vehicles and installed radios and light bars at a total cost of \$239 thousand.

The Enterprise Fund replaced equipment and vehicles, in the amount of \$438 thousand. The most significant item being \$195 thousand for new scales installed at the Ramsey Transfer Station.

Current year costs to complete the reconfiguration of the Ramsey Transfer Station entryway were \$144 thousand in improvements and \$367 thousand for scale house buildings.

The Solid Waste Department initiated the next phase of the landfill expansion plan at the Fighting Creek Landfill with current year costs totaling \$941 thousand.

Additional adjacent land was purchased for the purpose of expanding the current Fighting Creek Landfill site at a cost of \$289 thousand.

Additional information on Kootenai County's capital assets can be found in Note 5 (Capital Assets) to the financial statements for fiscal year 2004.

Kootenai County Comprehensive Annual Financial Report - FY 2004

Long-Term Debt At September 30, 2004, the County had total general obligation debt outstanding of \$8,657 thousand. The County's long-term debt decreased by \$1,826 thousand or 17.4 percent during fiscal year 2004, explained in a large part by extinguishing much of the lease debt.

| Kootenai County's Outstanding Debt (amounts in 000) | | | |
|--|----------------------------|-----------------|-------------------------------|
| | Governmental Activities | | Total Percentage Change |
| | 2003 | 2004 | 2003-2004 |
| Equipment leases | \$ 998 | \$ 723 | -27.6% |
| Facility leases | 2,549 | 1,972 | -22.6% |
| Jail Facility Tax Revenue Note | 6,936 | 5,962 | -14.0% |
| Total | \$ 10,483 | \$ 8,657 | -17.4% |

In addition to the bonded debt, the County's long-term obligations include compensated absences and closure/post-closure liability. Additional information on the County's long-term debt can be found in Note 6 (Capital Leases and Other General Long-Term requirements) to the financial statements.

Economic Factors

Kootenai County has experienced substantial growth in the past fifteen years. Under current projections and trends in recent activity this growth model will continue into the future as far as fifteen to twenty more years.

Population growth has been significant; the county has increased to over 121,000 per July 2004 estimates. Housing starts are still running at a brisk pace and the average sales price for residential property has risen to over \$149,000.

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. A distinct side effect of this trend is an abundance of skilled and professional workers willing and eager to find employment which is very attractive to local employers and prospective businesses. An indicator reinforcing this fact is a spike in the unemployment rate in the county. Historically our unemployment rate has been relatively stable and below the state average, and now the rate is three quarters of a point higher than the State average. This trend continues to spur the construction industry in Kootenai County to satisfy the need for additional housing.

Investment earnings should turn around in the coming year after leveling out in 2004, this should positively influence the County's investment earnings. In addition, the State Legislature is intent on ending the temporary one percent increase in the state sales tax rate, but this will not have any effect on county revenue sharing. The temporary one percent was not subject to revenue sharing provisions with local governments. These factors have been considered in preparation of the County's 2005 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.



A Division of Kootenai County

BASIC FINANCIAL STATEMENTS



Let the refurbishing begin. The hangar began maintenance activities in January 2005.

The hangar complex is 56,000 sq. feet total including the shops, offices, and storage areas. The aircraft hangar area is 186 wide x 165 deep for approximately 31,000 sq. ft. of hangar floor space to accommodate up to a Boeing 767-200 along with a couple of smaller turbo-props at the same time. The Mega door is in four sections to allow for aircraft movement without opening all of them and for one of them to be taller to accommodate the tail section. The panels measure 60 wide x 34 high, 40 w x 34 h, 40 w x 44 h, and 40 w x 34 h, for a total opening of 180 wide. The highly reflective floor surface with radiant heat provides a warm working surface with good lighting.

Did you know Empire currently employs nearly 200 people. Of those, approximately 90 are pilots. In addition Empire has contract mechanics and is adding more mechanics for the heavy maintenance facility.

Empire Organization

From a small fixed base, charter company in Orofino, Idaho, Empire Airlines has grown into an international air carrier, worldwide charter services provider, and heavy maintenance repair station.

As a customer you benefit from our:

Passion for aviation and reputation for reliability, safety and excellence

Integrity that guarantees high quality, legal, certified service

Leadership that fosters responsibility, dependability, and creative problem solving

Did you know Empire Airlines offers charter passenger service through its subsidiary Reliant Logistics. Go to www.reliantlogistics.com.

**Kootenai County, Idaho
Statement of Net Assets
September 30, 2004**

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|----------------------|---|--------------------------|
| | Governmental Activities | Business-type Activities | Total | North Idaho Fair & Rodeo Dec. 31, 2003 | KCEMSS Sept. 30, 2004 |
| ASSETS | | | | | |
| Cash in bank and investments | \$ 15,339,379 | \$ 10,621,730 | \$ 25,961,109 | \$ 295,429 | \$ 817,182 |
| Taxes current | 27,589,989 | 198,700 | 27,788,689 | - | - |
| Taxes delinquent | 1,459,425 | - | 1,459,425 | - | - |
| Accounts receivable, (net) | 1,593,879 | 1,333,085 | 2,926,964 | 2,359 | 874,927 |
| Interest receivable | 6,464 | 6,927 | 13,391 | - | - |
| Due from other governments | 118,499 | - | 118,499 | - | - |
| Grants receivable | 448,384 | - | 448,384 | - | - |
| Inventories and prepaid expenses | 20,923 | - | 20,923 | - | 2,937 |
| Restricted assets: | | | | | |
| Cash held for closure and postclosure | - | 3,938,000 | 3,938,000 | - | - |
| Capital Assets: | | | | | |
| Land | 4,063,214 | 1,275,290 | 5,338,504 | - | - |
| Depreciable assets, (net) | 35,257,339 | 13,436,269 | 48,693,608 | 1,394,900 | 715,101 |
| Non-Depreciable other assets | 71,503 | - | 71,503 | - | - |
| Construction in progress | 3,611,655 | 72,368 | 3,684,023 | - | - |
| Total Assets | 89,580,653 | 30,882,369 | 120,463,022 | 1,692,688 | 2,410,147 |
| LIABILITIES | | | | | |
| Accounts payable | 849,834 | 190,496 | 1,040,330 | 229 | 20,635 |
| Interest payable | 52,481 | - | 52,481 | - | - |
| Notes payable | - | - | - | - | 42,384 |
| Deferred property tax revenues | 27,589,989 | - | 27,589,989 | - | - |
| Other accrued liabilities | 1,481,521 | 55,309 | 1,536,830 | 12,394 | 10,047 |
| Liabilities payable from restricted assets | | | | | |
| Landfill closure liability | - | 3,938,000 | 3,938,000 | - | - |
| Long-term liabilities: | | | | | |
| Due within one year | 1,997,295 | 21,146 | 2,018,441 | 6,031 | - |
| Due in more than one year | 9,827,017 | 154,661 | 9,981,678 | - | - |
| Total Liabilities | 41,798,137 | 4,359,612 | 46,157,749 | 18,654 | 73,066 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 32,656,832 | 1,883,088 | 34,539,920 | 1,388,869 | 672,818 |
| Restricted for: | | | | | |
| Property tax relief | 2,458,476 | - | 2,458,476 | - | - |
| Jail tax payment | 1,750,352 | - | 1,750,352 | - | - |
| Sheriff Snowmobile | 29,759 | - | 29,759 | - | - |
| Juvenile justice services | 208,337 | - | 208,337 | - | - |
| Court interlock | 28,727 | - | 28,727 | - | - |
| Landfill closure | - | 3,938,000 | 3,938,000 | - | - |
| Unrestricted : | | | | | |
| Governmental type activities | 10,650,033 | - | 10,650,033 | - | - |
| Business type activities | - | 20,701,669 | 20,701,669 | - | - |
| Component units | - | - | - | 285,165 | 1,664,263 |
| Total Net Assets | \$ 47,782,516 | \$ 26,522,757 | \$ 74,305,273 | \$ 1,674,034 | \$ 2,337,081 |

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

**Kootenai County, Idaho
Statement of Activities
For the Year Ended September 30, 2004**

| <u>Functions/Programs</u> | Program Revenues | | | |
|---------------------------------------|----------------------|-------------------------|--|-----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants & Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 22,804,545 | \$ 9,481,226 | \$ 1,069,221 | \$ 518,519 |
| Public works | 1,759,011 | 56,277 | - | - |
| Public safety | 18,420,768 | 7,946,464 | 450,229 | 71,815 |
| Sanitation weed control | 297,470 | 397 | 29,561 | - |
| Health and welfare | 2,614,108 | 5 | - | - |
| Culture and recreation | 959,099 | 517,901 | 64,077 | - |
| Capital projects | 63,770 | - | 1,373,889 | 1,238,621 |
| Interest on long-term debt | 640,261 | - | - | - |
| Total governmental activities | 47,559,032 | 18,002,270 | 2,986,977 | 1,828,955 |
| Business-type activities: | | | | |
| Solid waste and landfill | 6,509,565 | 8,362,896 | 6,713 | - |
| Total business-type activities | 6,509,565 | 8,362,896 | 6,713 | - |
| Total primary government | \$ 54,068,597 | \$ 26,365,166 | \$ 2,993,690 | \$ 1,828,955 |
| Component units: | | | | |
| County fair | \$ 671,184 | \$ 374,133 | - | - |
| KCEMSS | 2,761,501 | 2,004,225 | - | - |
| Total component units | \$ 3,432,685 | \$ 2,378,358 | \$ - | \$ - |

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales and use taxes

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 statement are an integral part of this statement.

Kootenai County Comprehensive Annual Financial Report - FY 2004

| Net (Expense) Revenue and Changes in Net Assets | | | | | | |
|--|-----------------------------|------------------------|-----------------------------|---------------------|--|--|
| Governmental Activities | Business-Type Activities | Total | Component Units | | | |
| | | | North Idaho Fair & Rodeo | KCEMSS | | |
| \$ (11,735,579) | \$ - | \$ (11,735,579) | \$ - | \$ - | | |
| (1,702,734) | - | (1,702,734) | - | - | | |
| (9,952,260) | - | (9,952,260) | - | - | | |
| (267,512) | - | (267,512) | - | - | | |
| (2,614,103) | - | (2,614,103) | - | - | | |
| (377,121) | - | (377,121) | - | - | | |
| 2,548,740 | - | 2,548,740 | - | - | | |
| (640,261) | - | (640,261) | - | - | | |
| (24,740,830) | - | (24,740,830) | - | - | | |
| - | 1,860,044 | 1,860,044 | - | - | | |
| - | 1,860,044 | 1,860,044 | - | - | | |
| \$ (24,740,830) | \$ 1,860,044 | \$ (22,880,786) | - | - | | |
| - | - | - | (297,051) | - | | |
| - | - | - | - | (757,276) | | |
| \$ - | \$ - | \$ - | \$ (297,051) | \$ (757,276) | | |
| 27,674,747 | - | 27,674,747 | 120,000 | 2,335,678 | | |
| 4,664,461 | - | 4,664,461 | - | - | | |
| 934,723 | 90,692 | 1,025,415 | 265,727 | 100,659 | | |
| 335,097 | 381,385 | 716,482 | 3,318 | 15,757 | | |
| 215,195 | 33,352 | 248,547 | - | 11,502 | | |
| (712,363) | (482,385) | (1,194,748) | - | - | | |
| 33,111,860 | 23,044 | 33,134,904 | 389,045 | 2,463,596 | | |
| 8,371,030 | 1,883,088 | 10,254,118 | 91,994 | 1,706,320 | | |
| 39,411,486 | 24,639,669 | 64,051,155 | 1,582,040 | 630,761 | | |
| \$ 47,782,516 | \$ 26,522,757 | \$ 74,305,273 | \$ 1,674,034 | \$ 2,337,081 | | |

**Kootenai County, Idaho
Balance Sheet
Governmental Funds
September 30, 2004**

| | General Fund | Resort Sales Tax Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Cash in bank and investments | \$ 9,939,847 | \$ 4,209,301 | \$ 1,190,231 | \$ 15,339,379 |
| Taxes delinquent | 1,100,363 | - | 359,062 | 1,459,425 |
| Accounts receivable, (net) | 1,554,923 | - | 38,956 | 1,593,879 |
| Interest receivable | 6,396 | - | 68 | 6,464 |
| Grants receivable | 265,706 | - | 182,678 | 448,384 |
| Leases receivable | 192,015 | - | - | 192,015 |
| Prepays | 20,923 | - | - | 20,923 |
| Due from other governments | 118,499 | - | - | 118,499 |
| Total Assets | 13,198,672 | 4,209,301 | 1,770,995 | 19,178,968 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | 588,956 | 471 | 260,407 | 849,834 |
| Accrued payroll | 1,375,444 | - | 106,077 | 1,481,521 |
| Deferred revenues | 84,889 | - | 43,645 | 128,534 |
| Deferred property taxes | 1,056,805 | - | 344,575 | 1,401,380 |
| Leases payable-long term | - | - | 192,015 | 192,015 |
| Total Liabilities | 3,106,094 | 471 | 946,719 | 4,053,284 |
| Fund Balances: | | | | |
| Reserved for: | | | | |
| Juvenile justice services | 208,337 | - | - | 208,337 |
| Court interlock | 28,727 | - | - | 28,727 |
| Sheriff snowmobile | - | - | 29,759 | 29,759 |
| Property tax relief | - | 2,458,476 | - | 2,458,476 |
| Jail tax payment | - | 1,750,352 | - | 1,750,352 |
| Unreserved: | | | | |
| General Fund | 9,855,514 | - | - | 9,855,514 |
| Special Revenue Funds | - | 2 | 1,002,303 | 1,002,305 |
| Capital Projects Funds | - | - | (207,786) | (207,786) |
| Total Fund Balances | 10,092,578 | 4,208,830 | 824,276 | 15,125,684 |
| Total Liabilities and Fund Balances | \$ 13,198,672 | \$ 4,209,301 | \$ 1,770,995 | \$ 19,178,968 |

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

**Kootenai County, Idaho
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 September 30, 2004**

Total Governmental Funds Balances \$ 15,125,684

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: 43,012,600

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

| | |
|----------------------|---------------|
| Property Taxes | 27,589,989 |
| Grants | 98,543 |
| Charges for Services | <u>29,991</u> |

Total 27,718,523

The net effect of the sale of capital assets that are not capitalized on the government wide statements. (8,889)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (52,481)

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 | (8,657,449) |
| Compensated Absences | (3,166,863) |
| Deferred property taxes | <u>(26,188,609)</u> |

Total (38,012,921)

Total Net Assets of Governmental Activities as shown on the Statement of Net Assets: **\$ 47,782,516**

The notes to the financial statement 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, 2004

| | General Fund | Resort Sales Tax Fund | Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------------|-----------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 20,701,158 | \$ 4,664,461 | \$ 6,969,495 | \$ 32,335,114 |
| Licenses and permits | 1,193,705 | - | 129,637 | 1,323,342 |
| Intergovernmental | 7,501,447 | - | 3,414,316 | 10,915,763 |
| Interest | 322,129 | 7,067 | 5,901 | 335,097 |
| Fines and forfeitures | 237,745 | - | 751,118 | 988,863 |
| Charges for services | 9,179,932 | - | 410,302 | 9,590,234 |
| Miscellaneous | 303,745 | - | 630,978 | 934,723 |
| Total Revenues | 39,439,861 | 4,671,528 | 12,311,747 | 56,423,136 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 18,114,217 | 138,871 | 3,625,537 | 21,878,625 |
| Public works | - | - | 585,742 | 585,742 |
| Public safety | 17,114,768 | - | - | 17,114,768 |
| Sanitation | - | - | 291,171 | 291,171 |
| Health & welfare | 73,720 | - | 2,535,302 | 2,609,022 |
| Culture and recreation | 12,859 | - | 866,770 | 879,629 |
| Capital projects | - | - | 63,770 | 63,770 |
| Debt Service: | | | | |
| Principal retirement | 726,354 | 973,911 | - | 1,700,265 |
| Interest expense | 148,998 | 429,961 | 8,821 | 587,780 |
| Capital Outlay: | | | | |
| Capital expenditures | 661,481 | 170,305 | 160,004 | 991,790 |
| Construction in progress | - | - | 2,563,222 | 2,563,222 |
| Total Expenditures | 36,852,397 | 1,713,048 | 10,700,339 | 49,265,784 |
| Excess of Revenues Over (Under) Expenditures | 2,587,464 | 2,958,480 | 1,611,408 | 7,157,352 |
| Other Financing Sources (Uses) | | | | |
| Proceeds capital leases | 48,389 | - | - | 48,389 |
| Proceeds on asset disposal | 91,469 | - | 132,615 | 224,084 |
| Proceeds insurance | 8,340 | - | - | 8,340 |
| Transfers in | 3,435,860 | 1,288,126 | 229,657 | 4,953,643 |
| Transfers (out) | (4,338,985) | - | (1,327,021) | (5,666,006) |
| Total Other Financing Sources (Uses) | (754,927) | 1,288,126 | (964,749) | (431,550) |
| Net Change in Fund Balances | 1,832,537 | 4,246,606 | 646,659 | 6,725,802 |
| Fund Balances Beginning of Year (deficit) | 8,260,041 | (37,776) | 177,617 | 8,399,882 |
| Fund Balances End of Year | \$ 10,092,578 | \$ 4,208,830 | \$ 824,276 | \$ 15,125,684 |

The notes to the financial statement 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, 2004

Net Change in Fund Balances - Total Governmental Funds \$ 6,725,802

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. 4,094

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.
 (\$3,555,012- 3,242,010) 313,002

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, net of extinguished debt
 (\$1,874,405 -174,140 -48,389) 1,651,876

The net effect of the sale of capital assets that are capitalized on the government wide statements. (8,889)

Insurance proceeds provide current financial resources to governmental funds. This is the amount by which insurance proceeds exceeded repayments. (8,340)

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 | (52,481) | |
| Compensated Absences | (254,034) | |
| Total | | (306,515) |

Total Change in Net Assets of Governmental Activities as shown on the Statement of Activities **\$ 8,371,030**

The notes to the financial statement 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, 2004

| | Budgeted Amounts | | | Variance with Final Budget Over (Under) |
|---------------------------------------|---------------------|---------------------|----------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes | \$ 20,176,645 | \$ 20,176,645 | \$ 20,701,158 | \$ 524,513 |
| Licenses and permits | 1,013,000 | 1,043,000 | 1,193,705 | 150,705 |
| Intergovernmental | 6,186,001 | 6,829,201 | 7,501,447 | 672,246 |
| Interest | 620,000 | 620,000 | 322,129 | (297,871) |
| Fines and forfeitures | 141,300 | 141,300 | 237,745 | 96,445 |
| Charges for services | 6,947,200 | 7,355,200 | 9,179,932 | 1,824,732 |
| Miscellaneous | 3,228,571 | 3,258,571 | 303,745 | (2,954,826) |
| Total Revenues | <u>38,312,717</u> | <u>39,423,917</u> | <u>39,439,861</u> | <u>15,944</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 11,228,980 | 11,489,687 | 18,114,217 | (6,624,530) |
| Public safety | 24,418,576 | 25,172,569 | 17,114,768 | 8,057,801 |
| Health & welfare | 75,000 | 75,000 | 73,720 | 1,280 |
| Culture and recreation | 5,000 | 10,000 | 12,859 | (2,859) |
| Debt Service: | | | | |
| Principal retirement | 1,403,872 | 1,409,772 | 726,354 | 683,418 |
| Interest expense | 160,000 | 160,000 | 148,998 | 11,002 |
| Capital outlay: | | | | |
| Capital expenditures | 1,896,815 | 1,775,415 | 661,481 | 1,113,934 |
| Total Expenditures | <u>39,028,243</u> | <u>40,092,443</u> | <u>36,852,397</u> | <u>3,240,046</u> |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | (715,526) | (668,526) | 2,587,464 | 3,255,990 |
| Other Financing Sources (Uses) | | | | |
| Proceeds capital leases | - | - | 48,389 | 48,389 |
| Proceeds on asset disposal | 3,000 | 53,000 | 91,469 | 38,469 |
| Proceeds insurance | - | - | 8,340 | 8,340 |
| Transfers in | 3,235,860 | 3,238,860 | 3,435,860 | 197,000 |
| Transfers (out) | (2,745,860) | (2,745,860) | (4,338,985) | (1,593,125) |
| Total Other Financing Sources (Uses) | <u>493,000</u> | <u>546,000</u> | <u>(754,927)</u> | <u>(1,300,927)</u> |
| Net Change in Fund Balances | (222,526) | (122,526) | 1,832,537 | 1,955,063 |
| Fund Balances Beginning of Year | 8,260,041 | 8,260,041 | 8,260,041 | - |
| Fund Balances End of Year | <u>\$ 8,037,515</u> | <u>\$ 8,137,515</u> | <u>\$ 10,092,578</u> | <u>\$ 1,955,063</u> |

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

Kootenai County, Idaho
Statement of Net Assets
Solid Waste Proprietary Fund
September 30, 2004

| | 2004 | 2003 |
|--|----------------------|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 10,621,730 | \$ 8,710,001 |
| Taxes current | 198,700 | 230,843 |
| Accounts receivable, (net) | 1,333,085 | 1,140,857 |
| Interest receivable | 6,927 | 8,261 |
| Due from other funds | - | 583,809 |
| Total Current Assets | <u>12,160,442</u> | <u>10,673,771</u> |
| Noncurrent Assets: | | |
| Restricted Assets: | | |
| Cash held for closure and post closure | 3,938,000 | 3,249,383 |
| Capital Assets: | | |
| Land | 1,275,290 | 986,213 |
| Depreciable capital assets, (net) | 13,436,269 | 13,428,965 |
| Construction in progress | 72,368 | 72,368 |
| Total Noncurrent Assets | <u>18,721,927</u> | <u>17,736,929</u> |
| Total Assets | <u>30,882,369</u> | <u>28,410,700</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | 190,496 | 341,708 |
| Accrued payroll | 55,309 | 25,279 |
| Total Current Liabilities | <u>245,805</u> | <u>366,987</u> |
| Liabilities Payable from Restricted Assets: | | |
| Landfill closure liability | 3,938,000 | 3,249,383 |
| Total Liabilities Payable from Restricted Assets | <u>3,938,000</u> | <u>3,249,383</u> |
| Long-Term Liabilities: | | |
| Due within one year | 21,146 | 17,615 |
| Due in more than one year | 154,661 | 137,046 |
| Total Long-Term Liabilities | <u>175,807</u> | <u>154,661</u> |
| Total Liabilities | <u>4,359,612</u> | <u>3,771,031</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 1,883,088 | 2,829,851 |
| Restricted for: landfill closure | 3,938,000 | 3,249,383 |
| Unrestricted | 20,701,669 | 18,560,435 |
| Total Net Assets | <u>\$ 26,522,757</u> | <u>\$ 24,639,669</u> |

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, 2004

| | Business-type activity | |
|---|------------------------|----------------------|
| | 2004 | 2003 |
| Operating Revenues | | |
| Charges for services | \$ 8,362,896 | \$ 7,773,726 |
| Miscellaneous | 90,424 | 32,435 |
| Total Operating Revenues | 8,453,320 | 7,806,161 |
| Operating Expenses | | |
| Personal services | 1,602,521 | 1,420,494 |
| Professional services | 1,464,495 | 1,295,329 |
| Utilities | 71,343 | 65,449 |
| Materials and supplies | 432,058 | 470,598 |
| Maintenance and repairs | 222,248 | 119,663 |
| Other services and expenses | 135,271 | 196,755 |
| Depreciation and amortization | 1,941,940 | 1,113,672 |
| Capital Outlay | (1,698,399) | (418,020) |
| Landfill closure and post closure expense | 688,617 | 337,383 |
| Construction in progress | 1,649,471 | 460,877 |
| Total Operating Expenses | 6,509,565 | 5,062,200 |
| Operating Income | 1,943,755 | 2,743,961 |
| Non-Operating Revenues (Expenses) | | |
| Intergovernmental revenues | 6,713 | 6,432 |
| Interest and investment revenue | 381,385 | 406,228 |
| Miscellaneous revenue | 268 | 92,100 |
| Interest expense | - | (13,580) |
| Gain on sale of fixed assets | 33,352 | 13,826 |
| Total Non-Operating Revenues | 421,718 | 505,006 |
| <i>Income before Capital Contributions, and Transfers</i> | 2,365,473 | 3,248,967 |
| <i>Transfers:</i> | | |
| Transfers in | 1,124,069 | - |
| Transfers (out) | (1,606,454) | (419,116) |
| Increase in Net Assets | 1,883,088 | 2,829,851 |
| Net Assets Beginning of Year | 24,639,669 | 21,809,818 |
| Net Assets End of Year | \$ 26,522,757 | \$ 24,639,669 |

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

**Kootenai County, Idaho
Statement of Cash Flows
Proprietary Fund
September 30, 2004 (with comparative totals for 2003)**

| | Proprietary Fund | |
|---|----------------------|---------------------|
| | 2004 | 2003 |
| Increase (Decrease) in Cash and Cash Equivalents | 1,911,729 | 1,330,911 |
| Cash Flows from Operating Activities | | |
| Cash Received from Customers | \$ 8,202,811 | \$ 7,724,544 |
| Other Cash Receipts | 90,424 | 32,435 |
| Cash Payments to Employees | (1,551,345) | (1,397,333) |
| Cash Payments for Goods and Services | (2,426,547) | (2,042,061) |
| Internal Activity - payments from other funds | 585,143 | 22,664 |
| Other receipts | - | (6,277) |
| Net Cash Provided by Operating Activities | 4,900,486 | 4,333,972 |
| Cash Flows from Noncapital Financing Activities | | |
| Intergovernmental Revenues | 6,713 | 6,432 |
| Transfers In | (482,385) | (419,116) |
| Net Cash used by noncapital financing activities | (475,672) | (412,684) |
| Cash Flows from Capital and Related Financing Activities | | |
| Payments for Capital Acquisitions | (2,239,473) | (1,906,568) |
| Principal paid on bonds | - | (845,000) |
| Interest paid on capital bonds | - | (13,580) |
| Landfill Closure and postclosure costs | (688,617) | (337,383) |
| Insurance Proceeds | 268 | 92,100 |
| Gain on sale of assets | 33,352 | 13,826 |
| Net Cash used in Capital and Related Financing Activities | (2,894,470) | (2,996,605) |
| Cash Flows from Investing Activities | | |
| Interest on Investments | 381,385 | 406,228 |
| Net cash provided by investing activities | 381,385 | 406,228 |
| Net Increase in Cash and Cash Equivalents | 1,911,729 | 1,330,911 |
| Cash and Cash Equivalents Beginning of Year | 8,710,001 | 7,379,090 |
| Cash and Cash Equivalents End of Year | \$ 10,621,730 | \$ 8,710,001 |

continued

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

Kootenai County, Idaho
Statement of Cash Flows
Proprietary Fund
September 30, 2004 (with comparative totals for 2003)

| | Proprietary Fund | |
|--|---------------------|---------------------|
| | 2004 | 2003 |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating Income | \$ 1,943,755 | \$ 2,743,961 |
| <i>Adjustments to reconcile operating income to net cash provided by operating activities:</i> | | |
| Depreciation | 1,941,940 | 1,113,672 |
| Loss on disposal of asset | 1,152 | 42,857 |
| <i>(Increase) Decrease in Assets:</i> | | |
| Accounts Receivable | (160,085) | (49,182) |
| Interest Receivable | 1,334 | 864 |
| Due from other funds | 583,809 | 21,800 |
| <i>Increase (Decrease) in Liabilities:</i> | | |
| Accounts Payable | (151,212) | 105,733 |
| Accrued Wages | 30,030 | 5,546 |
| Compensated Absences Payable | 21,146 | 17,615 |
| Interest Payable | - | (6,277) |
| Landfill Closure/Postclosure Liability | 688,617 | 337,383 |
| Net Cash Provided by Operating Activities | \$ 4,900,486 | \$ 4,333,972 |

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, 2004

| | Private-Purpose Trust Funds | Agency Funds |
|---|--------------------------------|---------------------|
| Assets | | |
| Cash in bank and investments | \$ 4,747,179 | \$ 1,873,687 |
| Receivables: | | |
| Taxes delinquent | 18,866 | 4,124,485 |
| Accounts receivable | - | 529,610 |
| Total Assets | 4,766,045 | 6,527,782 |
| Liabilities | | |
| Accounts payable | 59,984 | - |
| Deferred compensation payable | 1,854,702 | - |
| Due to other governments | - | 2,923,623 |
| Due to other funds | - | 118,499 |
| Due to other individuals | - | 3,144 |
| Due to other taxing districts | - | 3,482,516 |
| Total Liabilities | \$ 1,914,686 | \$ 6,527,782 |
| Net Assets | | |
| Held in trust for other purposes | \$ 2,851,359 | |

The notes to the financial statement 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, 2004

| | Private-Purpose Trust Funds |
|-------------------------------|--------------------------------|
| | 2004 |
| Additions | |
| Trust receipts | \$ 3,610,950 |
| Total Additions | <u>3,610,950</u> |
| Deductions | |
| Trust turnovers | 1,839,815 |
| Operating transfers out | 51,731 |
| Total Deductions | <u>1,891,546</u> |
| Increase in Net Assets | 1,719,404 |
| Net Assets Beginning of Year | <u>1,131,955</u> |
| Net Assets End of Year | <u><u>\$ 2,851,359</u></u> |

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

NOTES TO THE FINANCIAL SECTION



Aerial view of the new Empire Airlines site, and the connecting taxiway constructed with FAA grant funds.

Key grants from the Idaho State Department of Commerce, U.S. Economic Development Administration, and Federal Aviation Administration brought infrastructure resources to the previously undeveloped north side of the airport. The local agencies responsible for providing the grant match dollars and services for these improvements included the Coeur d Alene Airport, Kootenai County Solid Waste Department, City of Hayden, Lakes Highway District, Avondale Irrigation District, and the Hayden Area Regional Sewer Board.

Kootenai County employee and local organization acknowledgments for support and efforts towards making the Empire dream become a reality.

Coeur d Alene Airport Advisory Board Chairman John Adams

Coeur d Alene Airport Greg Delavan - Manager, Phillip Cummings, Allyn Kerr, Bob Branson, Fritz Wiedenhoff, and Mary Hopkins.

Kootenai County Solid Waste Department - Roger Saterfiel - Director, Rick Bishop, Will Stevenson, John Phillips, and Jeff Wheeler.

Kootenai County Planning & Zoning Department Rand Wichman - Director, and John Mills.

Kootenai County Administration John Cafferty, Sheryl Craig, and Sandy Maitland

City of Hayden Lila Erickson, Administrator

Panhandle Area Council - Kay Kitchel and Nelle Coler

Idaho State Department of Commerce and Labor Greg Siebert, Jan Blickenstaff, Karl Tueller, Cliff Long, and Randy Schroll

Northern Lakes Fire Protection District Fire Chief - Lane Wintermute;
Fire Marshall- Dean Marcus.

NOTES TO THE FINANCIAL STATEMENTS

| Contents | Page |
|---|------|
| Note 1: Summary of Significant Accounting Policies | 43 |
| Note 2: Reconciliation of Government-wide and Fund Financial Statements | 49 |
| Note 3: Deposits and Investments | 51 |
| Note 4: Receivables | 52 |
| Note 5: Capital Assets | 53 |
| Note 6: General Long-term Obligations | 55 |
| Note 7: Notes Payable, Component Units | 57 |
| Note 8: Operating Leases | 58 |
| Note 9: Landfill Closure and Postclosure Care Costs | 58 |
| Note 10: Risk Management | 59 |
| Note 11: Pension Plan | 59 |
| Note 12: Contributed Capital, Enterprise Fund | 60 |
| Note 13: Transfers to Component Units | 60 |
| Note 14: Classification of Funds | 60 |
| Note 15: Joint Governed Organizations | 60 |
| Note 16: Contingent Liabilities | 60 |
| Note 17: Interfund Receivables and Payables | 61 |
| Note 18: Fund Equity | 61 |



A Division of Kootenai County

**KOOTENAI COUNTY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2004**

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 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 North Idaho Fair & Rodeo 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: North Idaho Fair & Rodeo, and Kootenai County Emergency Medical Services System

In conformity with generally accepted accounting principles, the basic financial statements of the North Idaho Fair & Rodeo 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 North Idaho Fair & Rodeo 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 North Idaho Fair Board. Furthermore, the BOCC has the authority to modify or approve the annual budget and has assumed secondary responsibility for debt of the North Idaho Fair & Rodeo.

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 North Idaho Fair & Rodeo and KCEMSS are available directly from the administrative offices at the following addresses, respectively:

Kootenai County Comprehensive Annual Financial Report - FY 2004

North Idaho Fair & Rodeo
N. 4060 Government Way
Coeur d Alene, ID 83814

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

Both the The North Idaho Fair & Rodeo 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 North Idaho Fair & Rodeo 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 interfund 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 *nonmajor* funds and are consolidated in a nonmajor funds column (on the combined fund statements). The nonmajor 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 Resort Sales Tax fund accounts for the operation and collection of the county's sales tax. Funds collected are to pay for the expansion of the Public Safety Building Project and property tax relief. Funding is provided through collections of local option sales tax. GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, requires budgetary comparisons to be presented for the general fund and for each major individual special revenue fund for which an annual (or biennial) budget is legally adopted. The Resort Sales Tax fund **is not** required to have a legally adopted annual budget and does not demonstrate compliance at the legal level of budgetary control as per GASB Statement No. 34. Therefore, no budgetary comparison data is presented for the Resort Sales Tax fund in connection with the basic financial statements.

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:

1. **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.
2. **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.
3. **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.

1. **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.

1. Trust and Agency Funds **Trust funds account for those 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 non-operating 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 funds, agency funds, and the resort sales tax fund, 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, 2004, there was one supplemental appropriation for unanticipated revenue received over the course of the fiscal year totaling \$4,392,300.

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 (North Idaho Fair & Rodeo 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, 2004, 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 footnote 17 for interfund activity schedule.

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:

| Description | Estimated Life | |
|--------------------------|----------------|-------|
| 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 expensed when earned. The entire amount of compensated absences is reported as a liability.

At September 30, 2004, total compensated absences payable by the County is \$3,342,670. Of this amount, \$3,166,863 arises from governmental activity operations, and \$175,807 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 18 for the detailed Restricted Fund Equity schedule.

D-9. Interfund 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 expensed 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 interfund 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.

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, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$38,012,921 difference are as follows:

Kootenai County Comprehensive Annual Financial Report - FY 2004

Capital Leases - current balances as of 9/30/04

| | | |
|-----------------------------|------------------|--------------|
| Equipment leases | \$ 723,334 | |
| Facility leases | <u>7,934,115</u> | |
| <i>Total Capital leases</i> | | \$ 8,657,449 |

Compensated absences

3,166,863

Deferred property taxes

26,188,609

Net adjustment to **reduce fund balance - total governmental funds**
to arrive at *net assets - governmental activities*

\$ 38,012,921

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 \$313,002 difference are as follows:

| | |
|---|--------------------|
| Capital outlay | \$ 3,555,012 |
| Depreciation expense | <u>(3,242,010)</u> |
| Net adjustments to increase net changes in fund balances - total governmental funds to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ 313,002</u> |

Property taxes in the amount of \$4,094, collected more than sixty days after the County's fiscal year end; are not considered available revenues in the government funds.

Capital lease proceeds in the amount of \$1,651,876 exceeded repayments.

In the statement of activities, the difference \$(8,889) between the sale proceeds and the carrying amount of the asset is reported. However, in the government funds, the full amount of the proceeds from the sale is reported.

Insurance proceeds provide current financial resources to governmental funds. The amount by which insurance proceeds exceed prepayments is \$(8,340).

Another element of the reconciliation states that 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 \$(306,515) difference are as follows:

| | |
|--|---------------------|
| Compensated absences | \$ (254,034) |
| Accrued interest | <u>(52,481)</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at <i>changes in net assets of governmental activities</i> | <u>\$ (306,515)</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, 2004:

| | Cash in bank, cash equivalents and Investments | Other | Total |
|---------------|--|----------------------|----------------------|
| Bank Deposits | \$ 3,978,024 | \$ - | \$ 3,978,024 |
| Investments | 5,132,400 | 27,409,551 | 32,541,951 |
| Total | \$ 9,110,424 | \$ 27,409,551 | \$ 36,519,975 |

| | Government-wide Statement of Net Assets | Fiduciary Funds Statement of Net Assets | Total |
|-----------------------------------|---|---|----------------------|
| Cash in bank and investments | \$ 25,961,109 | \$ 6,620,866 | \$ 32,581,975 |
| Restricted assets (noncurrent) | 3,938,000 | - | 3,938,000 |
| Total | \$ 29,899,109 | \$ 6,620,866 | \$ 36,519,975 |

3-B. Cash Deposits:

The County's carrying amount for cash deposits was \$3,978,024 as of September 30, 2004, and the bank balance per bank statement was \$36,519,975. Of the bank balance, \$36,481,577 is covered by federal depository insurance or directly collateralized by bank investments or assets. Of the remaining balance, \$38,398 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 North Idaho Fair & Rodeo, a discretely presented component unit, was \$295,429 as of December 31, 2003, and the bank balance was \$304,517. Of the bank balance, \$270,176 was covered by federal depository insurance or by collateral held by North Idaho Fair & Rodeo's agent in its name. The remaining balance of \$34,341 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the North Idaho Fair & Rodeo's name.

The carrying amount of deposits for the Kootenai County Emergency Medical Services System (KCEMSS), another discretely presented component unit, was \$817,182 as of September 30, 2004, and the bank balance was \$965,327. Of the bank balance, \$841,823 was covered by federal depository insurance or by collateral held by KCEMSS's agent in its name. The remaining balance of \$123,504 was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the KCEMSS's name.

Kootenai County Comprehensive Annual Financial Report - FY 2004

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.

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

| | Category | | | Reported Amount/ |
|--|--------------|------|------|----------------------|
| | 1 | 2 | 3 | Fair Value |
| U.S. Government Securities | \$ 3,277,698 | \$ - | \$ - | \$ 3,277,698 |
| Investments not subject to categorization due to their nature: | \$ 3,277,698 | \$ - | \$ - | 3,277,698 |
| Deferred Compensation (401K) mutual fund | | | | 1,854,702 |
| Idaho State Treasurer's Investment Pool | | | | 27,409,551 |
| Total investments | | | | \$ 32,541,951 |

NOTE 4: RECEIVABLES

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

| | Interest | Accounts | Taxes | Grants Receivable | Leases Receivable | Total Receivables |
|---------------------------------------|----------|--------------|--------------|----------------------|----------------------|----------------------|
| <i>Governmental Activities:</i> | | | | | | |
| General | \$ 6,396 | \$ 1,554,923 | \$ 1,100,363 | \$ 265,706 | \$ 192,015 | \$ 3,119,403 |
| Nonmajor funds | 68 | 38,956 | 359,062 | 182,678 | - | 580,764 |
| Total - governmental activities | \$ 6,464 | \$ 1,593,879 | \$ 1,459,425 | \$ 448,384 | \$ 192,015 | \$ 3,700,167 |
| <i>Business-type activities:</i> | | | | | | |
| Solid Waste | \$ 6,927 | \$ 1,390,167 | \$ 198,700 | \$ - | \$ - | \$ 1,595,794 |
| Less: allowance for doubtful accounts | | (57,083) | | | | (57,083) |
| Total business-type activities | \$ 6,927 | \$ 1,333,084 | \$ 198,700 | \$ - | \$ - | \$ 1,538,711 |

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2004 was as follows:

| <u>Governmental Activities</u> | Balance 10/1/03 | Additions | Deletions | Balance 9/30/04 |
|--|----------------------|--------------------|---------------------|----------------------|
| Capital assets, not being depreciated: | | | | |
| Other Assets | \$ 71,503 | \$ - | \$ - | \$ 71,503 |
| Land | 4,027,673 | 44,430 | (8,889) | 4,063,214 |
| Construction in progress | 1,515,605 | 2,567,658 | (471,608) | 3,611,655 |
| Total capital assets, not being depreciated | 5,614,781 | 2,612,088 | (480,497) | 7,746,372 |
| Capital assets, being depreciated: | | | | |
| Buildings | 35,577,276 | 89,830 | (258,541) | 35,408,565 |
| Improvements other than buildings | 13,368,198 | 455,658 | - | 13,823,856 |
| Machinery and equipment | 15,607,451 | 935,849 | (415,980) | 16,127,320 |
| Total capital assets, being depreciated | 64,552,925 | 1,481,337 | (674,521) | 65,359,741 |
| Less accumulated depreciation for: | | | | |
| Buildings | (9,868,082) | (1,015,256) | 32,192 | (10,851,146) |
| Improvements other than buildings | (5,607,457) | (1,139,443) | - | (6,746,900) |
| Machinery and equipment | (11,664,973) | (1,221,052) | 381,669 | (12,504,356) |
| Total accumulated depreciation | (27,140,512) | (3,375,751) | 413,861 | (30,102,402) |
| Total capital assets, being depreciated, net: | 37,412,413 | (1,894,414) | (260,660) | 35,257,339 |
| Government activity capital assets, net: | \$ 43,027,194 | \$ 717,674 | \$ (741,157) | \$ 43,003,711 |
| <u>Business-type Activities</u> | Balance 10/1/03 | Additions | Deletions | Balance 9/30/04 |
| Capital assets, not being depreciated | | | | |
| Land | \$ 986,213 | \$ 289,077 | \$ - | \$ 1,275,290 |
| Construction in progress | 72,368 | - | - | 72,368 |
| Total capital assets, not being depreciated | 1,058,581 | 289,077 | - | 1,347,658 |
| Capital assets, being depreciated: | | | | |
| Buildings | 195,547 | 376,112 | - | 571,659 |
| Improvements other than buildings | 18,740,866 | 1,085,778 | - | 19,826,644 |
| Machinery and equipment | 6,175,456 | 438,426 | (126,138) | 6,487,744 |
| Total capital assets, being depreciated | 25,111,869 | 1,900,316 | (126,138) | 26,886,047 |
| Less accumulated depreciation for: | | | | |
| Buildings | (160,065) | (12,726) | - | (172,791) |
| Improvements other than buildings | (7,111,780) | (1,313,348) | - | (8,425,128) |
| Machinery and equipment | (4,360,979) | (615,866) | 124,986 | (4,851,859) |
| Total accumulated depreciation | (11,632,824) | (1,941,940) | 124,986 | (13,449,778) |
| Total capital assets, being depreciated, net: | 13,479,045 | (41,624) | (1,152) | 13,436,269 |
| Business-type activities capital assets, net: | \$ 14,537,626 | \$ 247,453 | \$ (1,152) | \$ 14,783,927 |

Kootenai County Comprehensive Annual Financial Report - FY 2004

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

| | |
|--|---------------------|
| Governmental Activities: | |
| General Government | \$ 790,209 |
| Public Works | 1,262,756 |
| Public Safety | 1,217,773 |
| Sanitation | 7,330 |
| Health and Welfare | 2,976 |
| Culture and Recreation | 94,707 |
| Capital Project | - |
| Total governmental activities current year depreciation expense | <u>\$ 3,375,751</u> |
| Business-type activity: | |
| Solid Waste | <u>\$ 1,941,940</u> |
| Total business-type activities current year depreciation expense | <u>\$ 1,941,940</u> |

The above is a summary of general government and solid waste fixed assets and the related accumulated depreciation as of September 30, 2004.

The beginning balances of the general government fixed assets and the enterprise fund (business-type) fixed assets have been adjusted by \$16,024 and \$50,080, respectively, to reflect capital assets not previously included as part of the fixed asset inventory.

The Land increase \$44,430 includes a LID improvement and a land donation received in fiscal year 2004.

The sale of a Right of Way and leased property reduced Land by \$8,889.

The Construction in Progress balance \$3,611,655 for fiscal year 2004 includes the following projects.

Construction costs for the current infrastructure improvement project on the north end of the Airport were \$973,750.

Construction costs for Airport Improvement Project (AIP) 20 nearing completion totaled \$1,365,655. The costs included land purchase, perimeter security, and interior infrastructure improvements including new taxiways.

Construction costs for the ongoing AIP 21 & 22 thus far have totaled \$329,950 and \$926,897 respectively.

Construction costs associated with Mowry State Park and Hauser Docks Waterway Projects thus far have totaled \$15,403.

Buildings increased by \$89,830: The Jail Maintenance Shop costing \$54,596 and \$35,234 for improvements at Stateline Park.

Buildings decreased \$258,541: \$214,615 for the sale of the Emergency Management Systems Building in fiscal year 2004 (with a decrease in accumulated depreciation of \$32,192) and \$43,926 for costs reclassified to Improvements Other than Buildings.

Improvements Other than Buildings were increased \$455,658 for the completion of the Harrison Docks and Windy Bay Projects.

Additions for Machinery and Equipment of \$935,849 included donations for an In-Car Radar Camera System, X-Ray Security Machine, and forklift. Disposals for Machinery and Equipment with historical costs of \$415,980 (with a decrease to accumulated depreciation of \$381,669) included fourteen vehicles and an obsolete repeater.

The Solid Waste Enterprise Fund incurred capital expenditures during fiscal year 2004 totaling \$2,189,393.

Land purchased for \$289,077 to expand the Fighting Creek Landfill.

Building purchases totaling \$376,112 include the completion of the new scale houses at the Ramsey Transfer Station.

Improvements Other than Buildings increased \$1,085,778, \$941,238 for the current Fighting Creek Landfill expansion and improvement project and \$144,540 for Ramsey Transfer Stations engineering and construction costs.

Machinery and Equipment purchases of \$438,426 included the new scales at the Ramsey Transfer Station.

Machinery and Equipment disposals totaling \$124,986 (with a decrease to accumulated depreciation of \$124,986) included a dump truck and a semi-tractor.

Kootenai County Comprehensive Annual Financial Report - FY 2004

Discretely presented component units

Activity for the Kootenai County Emergency Medical Services System for the year ended September 30, 2004, was as follows:

| | Balance 10/1/03 | Additions | Deletions | Balance 9/30/04 |
|---|-------------------|-------------------|-----------------|-------------------|
| KCEMSS Component Unit Activity | | | | |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | \$ 140,623 | \$ - | \$ - | \$ 140,623 |
| Vehicles | 814,973 | 496,328 | (91,100) | 1,220,201 |
| Total capital assets, being depreciated | 955,596 | 496,328 | (91,100) | 1,360,824 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (15,821) | (20,089) | - | (35,910) |
| Vehicles | (555,889) | (145,024) | 91,100 | (609,813) |
| Total accumulated depreciation | (571,710) | (165,113) | 91,100 | (645,723) |
| Total capital assets, being depreciated, net | 383,886 | 331,215 | - | 715,101 |
| KCEMSS activity capital assets, net | \$ 383,886 | \$ 331,215 | \$ - | \$ 715,101 |

Activity for the North Idaho Fair and Rodeo for the year ended December 31, 2003 was as follows:

| | Balance 12/30/02 | Additions | Deletions | Balance 12/30/03 |
|--|---------------------|-----------------|-------------|---------------------|
| North Idaho Fair Component Unit Activity | | | | |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | \$ 197,768 | \$ 62,188 | \$ - | \$ 259,956 |
| Buildings | 1,824,316 | 8,985 | - | 1,833,301 |
| Total capital assets, being depreciated | 2,022,084 | 71,173 | - | 2,093,257 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (124,032) | (8,242) | - | (132,274) |
| Buildings | (505,866) | (60,217) | - | (566,083) |
| Total accumulated depreciation | (629,898) | (68,459) | - | (698,357) |
| Total capital assets, being depreciated, net | 1,392,186 | 2,714 | - | 1,394,900 |
| North Idaho Fair activity capital assets, net | \$ 1,392,186 | \$ 2,714 | \$ - | \$ 1,394,900 |

NOTE 6: 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.

Kootenai County Comprehensive Annual Financial Report - FY 2004

6-A. Changes in Long-term Obligation:

During the year ending September 30, 2004, the following changes occurred in the liabilities reported in the general long-term obligations:

| | Balance 10/1/2003 | Additions | Reductions | Balance 9/30/2004 | Amounts Due within One Year |
|---|----------------------|------------|---------------|----------------------|-----------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Bonds and notes payable: | | | | | |
| Capital leases | \$ 10,483,465 | \$ 48,389 | \$ 1,874,405* | \$ 8,657,449 | \$ 1,743,261 |
| Other Liabilities: | | | | | |
| Compensated Absences | 2,912,829 | 254,034 | - | 3,166,863 | 254,034 |
| Governmental activities long-term liabilities | \$ 13,396,294 | \$ 302,423 | \$ 1,874,405 | \$ 11,824,312 | \$ 1,997,295 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Compensated Absences | \$ 154,661 | \$ 21,146 | \$ - | \$ 175,807 | \$ 21,146 |
| Business-type activities long-term liabilities | \$ 154,661 | \$ 21,146 | \$ - | \$ 175,807 | \$ 21,146 |

All payable compensated absences that are attributable to governmental activities are accounted for in general long-term obligations. For the governmental activities, compensated absences are generally liquidated by the general fund.

6-B. Capital Leases:

The County leases equipment and buildings with a historical cost and accumulated amortization of \$16,347,166 and \$2,003,976, 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 7.77%.

Capital lease additions for equipment during the year ending September 30, 2004 were funded through lease purchase agreements with Canon Financial Services, Inc. This agreement provided an addition to general long-term obligations, valued at cost, and totaling \$13,960. All additions to property, plant, and equipment are financed through current revenues. *Reductions include debt extinguishment of \$174,140 relating to the cancellation from the KCEMSS building lease.

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 3.60% 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, 2004:

| | Governmental Activities | Capital Assets Under Capital Leases |
|---------------------------------|----------------------------|---|
| Land | \$ 554,479 | \$ 554,479 |
| Buildings and Improvements | 14,813,908 | 14,813,908 |
| Machinery, Equipment, and Other | 1,533,258 | 1,533,258 |
| Total Capital Leases | \$ 16,347,166 | \$ 16,347,166 |

6-C. Other General Long-Term Requirements:

As of September 30, 2004, the outstanding balance in general long-term obligations for the Jail Facility Tax Revenue Note is \$5,962,027. 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, 2004, were as follows:

| Fiscal Year Ending Sept. 30 | Governmental Activities | | |
|--------------------------------|-------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2005 | \$ 1,040,376 | \$ 363,496 | \$ 1,403,871 |
| 2006 | 1,111,378 | 292,494 | 1,403,872 |
| 2007 | 1,187,224 | 216,647 | 1,403,872 |
| 2008 | 1,268,248 | 135,624 | 1,403,872 |
| 2009 | 1,354,801 | 49,074 | 1,403,875 |
| Total | \$ 5,962,027 | \$ 1,057,335 | \$ 7,019,362 |

Obligations of governmental activities under capital leases as of September 30, 2004, were as follows:

| Fiscal Year Ending September 30, | Governmental Activities |
|--|----------------------------|
| 2005 | \$ 2,219,966 |
| 2006 | 2,107,586 |
| 2007 | 2,036,287 |
| 2008 | 1,529,505 |
| 2009 | 1,526,136 |
| 2010 | 122,261 |
| 2011 | 132,065 |
| 2012 | 82,261 |
| 2013 | 82,261 |
| 2014 | 77,724 |
| 2015 | 77,724 |
| 2016 | 77,724 |
| 2017 | 77,724 |
| 2018 | 22,656 |
| Total Minimum Lease Payments | 10,171,880 |
| Less: Amount Representing Interest | (1,514,431) |
| Present Value of Minimum Lease Payments | \$ 8,657,449 |

NOTE 7: NOTES PAYABLE - COMPONENT UNITS

The financial information in this report, for the fiscal year ending September 30, 2004, includes discretely presented financial information from the following component units, North Idaho Fair & Rodeo and Kootenai County Emergency Medical Services System (KCEMSS). The notes payable balance for the year ending December 31, 2003, for North Idaho Fair & Rodeo's statement date is \$6,031. KCEMSS notes payable balance presented for the year ending September 30, 2004, is \$42,384.

Kootenai County Comprehensive Annual Financial Report - FY 2004

NOTE 8: 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, 2004:

| Year Ending September 30, | Governmental Activities |
|--|----------------------------|
| 2005 | \$ 91,445 |
| 2006 | 92,705 |
| 2007 | 49,498 |
| 2008 | 49,498 |
| 2009 | 49,498 |
| 2010 | 49,498 |
| 2011 | 49,498 |
| 2012 | 49,498 |
| Total Minimum Payments Required | \$ 481,138 |

The total expenditure for operating leases during the fiscal year ending September 30, 2004, totaled \$88,013.

NOTE 9: LANDFILL CLOSURE AND POSTCLOSURE 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 postclosure 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, 2004, Phase I of the landfill closure was complete. Based upon actual utilization and closure costs of the Fighting Creek Landfill during 2003-2004, an increase (of \$688,617) in closure and postclosure liability and costs has been recognized for the period ending September 30, 2004.

A total of \$3,938,000 has been recognized for closure and postclosure liability as of the balance sheet date. This figure is based on 48.4% utilization of the landfill's estimated capacity of 2,475,677 tons and the total estimated closure and postclosure costs of \$10,788,561. This amount totals \$5,224,985, less a reduction in actual closure expenses of \$1,286,879 incurred. The remainder of the estimated closure and postclosure costs of \$5,563,576 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 postclosure 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 postclosure 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 15.28% since that time, to an estimated cost of \$10,788,561.

Funds totaling \$3,938,000 (including interest) have been reserved in the Solid Waste Enterprise Fund to meet funding requirements for closure and postclosure 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 postclosure 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 postclosure requirements may need to be covered by charges to future landfill users, taxpayers, or both.

NOTE 10: 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 Risk 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 2004-2005 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 \$500,000 of any liability claim out of its own pool of funds. GENESIS, an A+ + reinsurer, pays any amounts above \$500,000.

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 reinsurance companies 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.

Flood and/or Earthquake, and Boiler and machinery losses are covered up to \$50,000,000 in the aggregate annually per occurrence.

On September 30, 2004, the County had sixteen 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 1999-2004 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 11: 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 1.667% or 2.300% (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, 2004, the required employer contribution rate for employees, prior to July 1, 2004, was 9.77% and 10.11% for general employees and police members, respectively. These rates changed to 10.39% and 10.73% on July 1, 2004. The required employee contribution rate changed on that same date from 5.86% to 6.23% for general employees and from 7.21% to 7.65% for police members.

Kootenai County contributions required and paid were \$2,145,704, \$2,093,796, and \$1,860,675 for the three years ending September 30, 2004, 2003, and 2002 respectively.

Kootenai County Comprehensive Annual Financial Report - FY 2004

NOTE 12: CONTRIBUTED CAPITAL - ENTERPRISE FUND

Donations to the solid waste operation are reported as contributed capital on the statement of revenues, expenses, and changes in fund net assets and no current year capital contributions were reported for 2004. The ending balance, as of September 30, 2004, is \$271,371.

NOTE 13: TRANSFERS TO COMPONENT UNITS

Transfers to component units totaling \$114,000 are reported in the special revenue fund for the year ending September 30, 2004. Operating transfers from primary government are also reported in the The North Idaho Fair & Rodeo 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, 2003. 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, 2003. 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, 2004.

NOTE 14: 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 15: 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, 2004.

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 16: 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 17: INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2004 is as follows:

Due to/from other funds:

| | | | |
|--------------|-----------------|----|-----------|
| Receivables: | General Fund | \$ | 118,499 |
| Payables: | Fiduciary Funds | \$ | (118,499) |

Interfund transfers :

| | Governmental Activities | Transfer to Alternate Grant Year | Transfer to Component Unit | Private Purpose Trust Fund | Business Type Activities |
|-------------------------|----------------------------|--|----------------------------------|----------------------------------|--------------------------------|
| Interfund Services | \$ 534,116 | \$ - | \$ - | \$ - | \$ (534,116) |
| Transfer of Tax Revenue | (1,266,479) | - | 1,266,479 | - | - |
| Capital Expenditures | - | - | - | (51,731) | 51,731 |
| Grant Match | 20,000 | (20,000) | - | - | - |
| Total | \$ (712,363) | \$ (20,000) | \$ 1,266,479 | (51,731) | \$ (482,385) |

Interfund transfers are primarily performed for two reason: 1) taxes, fees, penalties, and other revenues are transferred from the agencies that initially collect them to the General Fund and other funds as dictated by state law; and 2) revenues are transferred from the fund that is statutorily required to collect them to the fund that is directed, by budgetary authorization, to spend them.

During the fiscal year, business-type activities (Kootenai County Solid Waste Department) transferred \$534,116 into governmental activities to assist other departments with the costs of doing business. \$1,266,479 of property taxes was collected and transferred to our component unit, Kootenai County Emergency Medical Services System (KCEMSS) who also report this amount as tax revenue. The Solid Waste Department received a transfer in, \$51,731, to offset the cost of a capital purchase. Grant match funds (\$20,000) were transferred into governmental activities for this year due to differences in contract funding periods.

NOTE 18: FUND EQUITY

18-A. Fund Deficits:

At September 30, 2004, the following individual funds have deficit fund balances that are included in the fund balance of the nonmajor special revenue funds and capital projects. Capital Projects, \$207,786 Special Revenue Funds: Airport \$251,304, Noxious Weeds \$33,512, Indigent Fund \$556,752. The deficit in the capital projects fund will be resolved through a combination of sales tax revenues and fund balance transfers in fiscal year 2005. Deficits in noxious weeds and indigent funds will be resolved over time by increasing tax revenue over the annual expenditures.

18-B. Net Assets Restricted Proprietary Fund:

At September 30, 2004 the following amount of Net Assets Restricted were:

| | |
|--|-------------------------|
| | <u>Proprietary Fund</u> |
| Reserved for Landfill Closure/Post Closure | \$ 3,938,000 |

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.

Kootenai County Comprehensive Annual Financial Report - FY 2004

18-C. Restrictions of Fund Equity:

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

18-D. Restricted Fund Balances:

At September 30, 2004 the following fund balances were restricted:

| Fund Balances Restricted for: | General | Special Revenue | Trust | Total |
|---------------------------------------|-------------------|---------------------|---------------------|---------------------|
| Juvenile justice services | \$ 208,337 | \$ - | \$ - | \$ 208,337 |
| Court interlock | 28,727 | - | - | 28,727 |
| Property tax relief | - | 2,458,476 | - | 2,458,476 |
| Jail tax repayment | - | 1,750,352 | - | 1,750,352 |
| Sheriff snowmobile | - | 29,759 | - | 29,759 |
| Trusts | - | - | 2,851,359 | 2,851,359 |
| Total restricted Fund Balances | \$ 237,064 | \$ 4,238,587 | \$ 2,851,359 | \$ 7,327,010 |

SUPPLEMENTARY INFORMATION



A happy crew of Empire Airlines employees in their new facility.

The plan development and construction companies contributing to the project's success include Toothman-Orton Engineering, Contractors Northwest Inc., G.D. Longwell, Architect, KC Construction, and Reliable Electric.



A Division of Kootenai County

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.

FTA Public Transportation Fund - to account for the operation of the county's Public Transportation. Funding is provided through collection of fees and grants.

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.

Kootenai County Emergency Management - to account for the provision of paramedic and ambulance district support for the residents of Kootenai County. Funding is provided through taxes and fees.

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, 2004**

| | Non-major Special Revenue Funds | | Non-major Capital Projects Funds | | Total Non-major Governmental Funds |
|--|--|--|---|--|---|
| Assets | | | | | |
| Cash and cash equivalents | \$ 1,434,427 | | \$ (244,196) | | \$ 1,190,231 |
| Taxes delinquent | 359,062 | | - | | 359,062 |
| Accounts receivable, (net) | 38,956 | | - | | 38,956 |
| Interest receivable | 68 | | | | 68 |
| Grants receivable | 78,144 | | 104,534 | | 182,678 |
| Total Assets | 1,910,657 | | (139,662) | | 1,770,995 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 235,928 | | 24,479 | | 260,407 |
| Accrued payroll | 106,077 | | - | | 106,077 |
| Deferred revenues | - | | 43,645 | | 43,645 |
| Deferred property taxes | 344,575 | | - | | 344,575 |
| Leases payable-long term | 192,015 | | - | | 192,015 |
| Total Liabilities | 878,595 | | 68,124 | | 946,719 |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Sheriff Snowmobile | 29,759 | | - | | 29,759 |
| Unreserved & Undesignated: | | | | | |
| Special Revenue Funds | 1,002,303 | | - | | 1,002,303 |
| Capital Projects Funds | - | | (207,786) | | (207,786) |
| Total Fund Balances (deficit) | 1,032,062 | | (207,786) | | 824,276 |
| Total Liabilities and Fund Balances (deficit) | \$ 1,910,657 | | \$ (139,662) | | \$ 1,770,995 |

See accompanying Independent Auditors' Report

**Kootenai County, Idaho
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2004**

| | Airport Special Revenue | County Fair Special Revenue | Noxious Weeds Special Revenue | Health District Special Revenue | Historical Society Special Revenue |
|---|-------------------------------|-----------------------------------|-------------------------------------|---------------------------------------|--|
| Assets | | | | | |
| Cash and cash equivalents | \$ 19,286 | \$ 140,525 | \$ (7,104) | \$ 47,299 | \$ 8,361 |
| Taxes delinquent | 21,921 | 6,864 | 12,431 | 30,062 | 805 |
| Accounts receivable, (net) | 2,999 | 14 | - | - | - |
| Interest receivable | - | - | - | - | - |
| Grants receivable | - | - | - | - | 4,000 |
| Total Assets | <u>44,206</u> | <u>147,403</u> | <u>5,327</u> | <u>77,361</u> | <u>13,166</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 71,753 | - | 24,314 | - | 500 |
| Accrued payroll | 10,755 | - | 2,582 | - | - |
| Deferred property taxes | 20,987 | 6,600 | 11,943 | 28,891 | 773 |
| Leases payable-long term | 192,015 | - | - | - | - |
| Total Liabilities | <u>295,510</u> | <u>6,600</u> | <u>38,839</u> | <u>28,891</u> | <u>1,273</u> |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Sheriff Snowmobile | - | - | - | - | - |
| Unreserved & Undesignated: | | | | | |
| Special Revenue Funds | (251,304) | 140,803 | (33,512) | 48,470 | 11,893 |
| Total Fund Balances (deficit) | <u>(251,304)</u> | <u>140,803</u> | <u>(33,512)</u> | <u>48,470</u> | <u>11,893</u> |
| Total Liabilities and Fund Balances(deficit) | <u>\$ 44,206</u> | <u>\$ 147,403</u> | <u>\$ 5,327</u> | <u>\$ 77,361</u> | <u>\$ 13,166</u> |

See accompanying Independent Auditors' Report

**Kootenai County, Idaho
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2004**

| | Parks & Rec. Special Revenue | Snowmobile Special Revenue | County Vessel Special Revenue | Public Access Special Revenue | Indigent Special Revenue |
|--|------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 137,760 | \$ 163,677 | \$ 64,420 | \$ 120,440 | \$ (518,269) |
| Taxes delinquent | 6,778 | - | - | - | 75,064 |
| Accounts receivable, (net) | - | - | 110 | - | - |
| Interest receivable | - | - | - | 68 | - |
| Grants receivable | - | - | 14,279 | - | - |
| Total Assets | 144,538 | 163,677 | 78,809 | 120,508 | (443,205) |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 7,920 | 1,703 | 21,695 | 1,500 | 32,941 |
| Accrued payroll | 3,001 | - | 8,643 | - | 8,447 |
| Deferred property taxes | 6,509 | - | - | - | 72,159 |
| Leases payable-long term | - | - | - | - | - |
| Total Liabilities | 17,430 | 1,703 | 30,338 | 1,500 | 113,547 |
| Fund Balances: | | | | | |
| Reserved for: | | | | | |
| Sheriff Snowmobile | - | 29,759 | - | - | - |
| Unreserved & Undesignated: | | | | | |
| Special Revenue Funds | 127,108 | 132,215 | 48,471 | 119,008 | (556,752) |
| Total Fund Balances (deficit) | 127,108 | 161,974 | 48,471 | 119,008 | (556,752) |
| Total Liabilities and Fund Balances (deficit) | \$ 144,538 | \$ 163,677 | \$ 78,809 | \$ 120,508 | \$ (443,205) |

See accompanying Independent Auditors' Report

**Kootenai County, Idaho
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2004**

| | FTA Public Trans. Special Revenue | District Court Special Revenue | Revaluation Special Revenue | KCEMSS Special Revenue | Non-major Special Revenue Funds |
|--|---|--------------------------------------|-----------------------------------|------------------------------|---------------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ (61,121) | \$ 338,544 | \$ 299,144 | \$ 681,465 | \$ 1,434,427 |
| Taxes delinquent | - | 6,814 | 83,665 | 114,658 | 359,062 |
| Accounts receivable, (net) | 23,839 | - | 43 | 11,951 | 38,956 |
| Interest receivable | - | - | - | - | 68 |
| Grants receivable | 59,865 | - | - | - | 78,144 |
| Total Assets | <u>22,583</u> | <u>345,358</u> | <u>382,852</u> | <u>808,074</u> | <u>1,910,657</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 22,583 | 40,594 | 10,425 | - | 235,928 |
| Accrued payroll | - | 20,101 | 52,548 | - | 106,077 |
| Deferred property taxes | - | 6,534 | 80,286 | 109,893 | 344,575 |
| Leases payable-long term | - | - | - | - | 192,015 |
| Total Liabilities | <u>22,583</u> | <u>67,229</u> | <u>143,259</u> | <u>109,893</u> | <u>878,595</u> |
| Fund Balances: | | | | | |
| Reserved for other purposes | | | | | |
| Sheriff Snowmobile | - | - | - | - | 29,759 |
| Unreserved & Undesignated: | | | | | |
| Special Revenue Funds | - | 278,129 | 239,593 | 698,181 | 1,002,303 |
| Total Fund Balances (deficit) | <u>-</u> | <u>278,129</u> | <u>239,593</u> | <u>698,181</u> | <u>1,032,062</u> |
| Total Liabilities and Fund Balances (deficit) | <u>\$ 22,583</u> | <u>\$ 345,358</u> | <u>\$ 382,852</u> | <u>\$ 808,074</u> | <u>\$ 1,910,657</u> |

See accompanying Independent Auditors' Report

**Kootenai County, Idaho
Combining Balance Sheet
Non-major Capital Projects Funds
September 30, 2004**

| | General Construction Capital Projects | Centennial Trail Capital Projects | Total Non-major Capital Project Funds |
|--|---|---|---|
| Assets | | | |
| Cash and cash equivalents | \$ (297,482) | \$ 53,286 | \$ (244,196) |
| Grants receivable | 104,534 | - | 104,534 |
| Total Assets | <u>(192,948)</u> | <u>53,286</u> | <u>(139,662)</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | 24,479 | - | 24,479 |
| Deferred revenues | 43,645 | - | 43,645 |
| Total Liabilities | <u>68,124</u> | <u>-</u> | <u>68,124</u> |
| Fund Balances: | | | |
| Unreserved & Undesignated: | | | |
| Capital Projects Funds | (261,072) | 53,286 | (207,786) |
| Total Fund Balances (deficit) | <u>(261,072)</u> | <u>53,286</u> | <u>(207,786)</u> |
| Total Liabilities and Fund Balances (deficit) | \$ (192,948) | \$ 53,286 | \$ (139,662) |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended September 30, 2004

| | Non-major Special Revenue Funds | Non-major Capital Projects Funds | Total Non-major Governmental Funds |
|---|--|---|---|
| Revenues | | | |
| Taxes | \$ 6,969,495 | \$ - | \$ 6,969,495 |
| Licenses and permits | 129,637 | - | 129,637 |
| Intergovernmental | 801,806 | 2,612,510 | 3,414,316 |
| Interest | 5,901 | - | 5,901 |
| Fines and forfeitures | 751,118 | - | 751,118 |
| Charges for services | 410,302 | - | 410,302 |
| Miscellaneous | 614,662 | 16,316 | 630,978 |
| Total Revenues | 9,682,921 | 2,628,826 | 12,311,747 |
| Expenditures | | | |
| Current: | | | |
| General government | 3,599,037 | 26,500 | 3,625,537 |
| Public works | 585,742 | - | 585,742 |
| Sanitation | 291,171 | - | 291,171 |
| Health & welfare | 2,535,302 | - | 2,535,302 |
| Culture and recreation | 751,724 | 115,046 | 866,770 |
| Capital projects | - | 63,770 | 63,770 |
| Debt service: | | | |
| Interest expense | 8,821 | - | 8,821 |
| Capital Outlay: | | | |
| Capital expenditures | 148,900 | 11,104 | 160,004 |
| Construction in progress | 60,517 | 2,502,705 | 2,563,222 |
| Total Expenditures | 7,981,214 | 2,719,125 | 10,700,339 |
| Excess of Revenues Over (Under) Expenditures | 1,701,707 | (90,299) | 1,611,408 |
| Other Financing Sources (Uses) | | | |
| Proceeds on asset disposal | 132,615 | - | 132,615 |
| Transfers in | 164,116 | 65,541 | 229,657 |
| Transfers (out) | (1,327,021) | - | (1,327,021) |
| Total Other Financing Sources (Uses) | (1,030,290) | 65,541 | (964,749) |
| Net Change in Fund Balances | 671,417 | (24,758) | 646,659 |
| Fund Balances Beginning of Year | 360,645 | (183,028) | 177,617 |
| Fund Balances End of Year (deficit) | \$ 1,032,062 | \$ (207,786) | \$ 824,276 |

See accompanying Independent Auditors' Report

**Kootenai County, Idaho
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2004**

| | Airport Special Revenue | County Fair Special Revenue | Noxious Weeds Special Revenue | Health District Special Revenue | Historical Society Special Revenue |
|---|-------------------------------|-----------------------------------|-------------------------------------|---------------------------------------|--|
| Revenues | | | | | |
| Taxes | \$ 518,474 | \$ 117,649 | \$ 233,013 | \$ 535,693 | \$ 15,220 |
| Licenses and permits | - | - | 7 | - | - |
| Intergovernmental | - | - | 29,561 | - | 4,000 |
| Interest | - | - | - | - | - |
| Fines and forfeitures | 100 | - | - | - | - |
| Charges for services | 56,177 | - | 390 | 1 | - |
| Miscellaneous | 259,664 | 15 | 27,091 | - | - |
| Total Revenues | 834,415 | 117,664 | 290,062 | 535,694 | 19,220 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public works | 585,742 | - | - | - | - |
| Sanitation | - | - | 291,171 | - | - |
| Health & welfare | - | - | - | 575,599 | - |
| Culture and recreation | - | 114,000 | - | - | 15,500 |
| Debt service: | | | | | |
| Interest expense | 8,821 | - | - | - | - |
| Capital Outlay: | | | | | |
| Capital expenditures | 45,106 | - | 9,600 | - | - |
| Construction in progress | 60,517 | - | - | - | - |
| Total Expenditures | 700,186 | 114,000 | 300,771 | 575,599 | 15,500 |
| Excess of Revenues Over (Under) | | | | | |
| Expenditures | 134,229 | 3,664 | (10,709) | (39,905) | 3,720 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds on asset disposal | - | 132,615 | - | - | - |
| Transfers in | - | - | 20,000 | 44,116 | - |
| Transfers (out) | (37,769) | - | - | - | - |
| Total Other Financing Sources (Uses) | (37,769) | 132,615 | 20,000 | 44,116 | - |
| Net Change in Fund Balances | 96,460 | 136,279 | 9,291 | 4,211 | 3,720 |
| Fund Balances Beginning of Year (deficit) | (347,764) | 4,524 | (42,803) | 44,259 | 8,173 |
| Fund Balances End of Year (deficit) | \$ (251,304) | \$ 140,803 | \$ (33,512) | \$ 48,470 | \$ 11,893 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2004

| | Parks & Rec. Special Revenue | Snowmobile Special Revenue | County Vessel Special Revenue | Public Access Special Revenue | Indigent Special Revenue |
|---|------------------------------------|----------------------------------|-------------------------------------|-------------------------------------|--------------------------------|
| Revenues | | | | | |
| Taxes | \$ 127,246 | \$ - | \$ - | \$ - | \$ 1,313,679 |
| Licenses and permits | - | 95,910 | - | - | - |
| Intergovernmental | - | - | 463,654 | 6,911 | - |
| Interest | - | - | - | 3,747 | - |
| Fines and forfeitures | - | - | - | - | - |
| Charges for services | - | - | - | - | 4 |
| Miscellaneous | 420 | 978 | 6,092 | - | 317,713 |
| Total Revenues | 127,666 | 96,888 | 469,746 | 10,658 | 1,631,396 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Sanitation | - | - | - | - | - |
| Health & welfare | - | - | - | - | 1,959,703 |
| Culture and recreation | 119,245 | 81,477 | 403,491 | 18,011 | - |
| Debt service: | | | | | |
| Interest expense | - | - | - | - | - |
| Capital Outlay: | | | | | |
| Capital expenditures | 1,399 | 29,238 | 12,157 | - | - |
| Construction in progress | - | - | - | - | - |
| Total Expenditures | 120,644 | 110,715 | 415,648 | 18,011 | 1,959,703 |
| Excess of Revenues Over (Under) | | | | | |
| Expenditures | 7,022 | (13,827) | 54,098 | (7,353) | (328,307) |
| Other Financing Sources (Uses) | | | | | |
| Proceeds on asset disposal | - | - | - | - | - |
| Transfers in | - | - | - | - | 100,000 |
| Transfers (out) | - | - | (22,772) | - | - |
| Total Other Financing Sources (Uses) | - | - | (22,772) | - | 100,000 |
| Net Change in Fund Balances | 7,022 | (13,827) | 31,326 | (7,353) | (228,307) |
| Fund Balances Beginning of Year (deficit) | 120,086 | 175,801 | 17,145 | 126,361 | (328,445) |
| Fund Balances End of Year (deficit) | \$ 127,108 | \$ 161,974 | \$ 48,471 | \$ 119,008 | \$ (556,752) |

See accompanying Independent Auditors' Report

**Kootenai County, Idaho
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2004**

| | FTA Public Trans. Special Revenue | District Court Special Revenue | Revaluation Special Revenue | Kootenai Emergency Management Special Revenue | Total Non-major Special Revenue Funds |
|---|---|--------------------------------------|-----------------------------------|---|--|
| Revenues | | | | | |
| Taxes | \$ - | \$ 150,058 | \$ 1,703,241 | \$ 2,255,222 | \$ 6,969,495 |
| Licenses and permits | - | - | - | 33,720 | 129,637 |
| Intergovernmental | 254,352 | - | - | 43,328 | 801,806 |
| Interest | - | - | - | 2,154 | 5,901 |
| Fines and forfeitures | - | 751,018 | - | - | 751,118 |
| Charges for services | 222,173 | 129,282 | 2,252 | 23 | 410,302 |
| Miscellaneous | - | 1,377 | 1,312 | - | 614,662 |
| Total Revenues | 476,525 | 1,031,735 | 1,706,805 | 2,334,447 | 9,682,921 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 476,525 | 917,829 | 1,610,427 | 594,256 | 3,599,037 |
| Public works | - | - | - | - | 585,742 |
| Sanitation | - | - | - | - | 291,171 |
| Health & welfare | - | - | - | - | 2,535,302 |
| Culture and recreation | - | - | - | - | 751,724 |
| Debt service | | | | | |
| Interest expense | - | - | - | - | 8,821 |
| Capital Outlay: | | | | | |
| Capital expenditures | - | 51,400 | - | - | 148,900 |
| Construction in progress | - | - | - | - | 60,517 |
| Total Expenditures | 476,525 | 969,229 | 1,610,427 | 594,256 | 7,981,214 |
| Excess of Revenues Over (Under) | | | | | |
| Expenditures | - | 62,506 | 96,378 | 1,740,191 | 1,701,707 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds on asset disposal | - | - | - | - | 132,615 |
| Transfers in | - | - | - | - | 164,116 |
| Transfers (out) | - | - | - | (1,266,480) | (1,327,021) |
| Total Other Financing Sources (Uses) | - | - | - | (1,266,480) | (1,030,290) |
| Net Change in Fund Balances | - | 62,506 | 96,378 | 473,711 | 671,417 |
| Fund Balances Beginning of Year (deficit) | - | 215,623 | 143,215 | 224,470 | 360,645 |
| Fund Balances End of Year (deficit) | \$ - | \$ 278,129 | \$ 239,593 | \$ 698,181 | \$ 1,032,062 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Capital Projects Funds
For the Year Ended September 30, 2004

| | General Construction Capital Projects | Centennial Trail Capital Projects | Total Non-major Capital Projects Funds |
|--|---|---|---|
| Revenues | | | |
| Intergovernmental | \$ 2,612,510 | \$ - | \$ 2,612,510 |
| Miscellaneous | 6,316 | 10,000 | 16,316 |
| Total Revenues | 2,618,826 | 10,000 | 2,628,826 |
| Expenditures | | | |
| Current: | | | |
| General government | 26,500 | - | 26,500 |
| Culture and recreation | 89,642 | 25,404 | 115,046 |
| Capital projects | 63,770 | - | 63,770 |
| Capital Outlay: | | | |
| Capital expenditures | - | 11,104 | 11,104 |
| Construction in progress | 2,499,455 | 3,250 | 2,502,705 |
| Total Expenditures | 2,679,367 | 39,758 | 2,719,125 |
| Excess of Revenues Over (Under) Expenditures | (60,541) | (29,758) | (90,299) |
| Other Financing Sources (Uses) | | | |
| Transfers in | 60,541 | 5,000 | 65,541 |
| Total Other Financing Sources (Uses) | 60,541 | 5,000 | 65,541 |
| Net Change in Fund Balances | - | (24,758) | (24,758) |
| Fund Balances Beginning of Year (deficit) | (261,072) | 78,044 | (183,028) |
| Fund Balances End of Year (deficit) | \$ (261,072) | \$ 53,286 | \$ (207,786) |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Airport and County Fair Special Revenue Funds
For the Year Ended September 30, 2004

| | Airport Special Revenue Fund | | | County Fair Special Revenue Fund | | |
|---|---|---------------------|---|---|-------------------|---|
| | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) |
| Revenues | | | | | | |
| Taxes | \$ 516,334 | \$ 518,474 | \$ 2,140 | \$ 114,000 | \$ 117,649 | \$ 3,649 |
| Fines and forfeitures | - | 100 | 100 | - | - | - |
| Charges for services | 45,000 | 56,177 | 11,177 | - | - | - |
| Miscellaneous | 250,000 | 259,664 | 9,664 | - | 15 | 15 |
| Total Revenues | 811,334 | 834,415 | 23,081 | 114,000 | 117,664 | 3,664 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public works | 621,334 | 585,742 | 35,592 | - | - | - |
| Culture and recreation | - | - | - | 114,000 | 114,000 | - |
| Debt Service: | | | | | | |
| Interest expense | - | 8,821 | (8,821) | - | - | - |
| Capital outlay: | | | | | | |
| Capital expenditures | 90,000 | 45,106 | 44,894 | - | - | - |
| Construction in progress | - | 60,517 | (60,517) | - | - | - |
| Total Expenditures | 711,334 | 700,186 | 11,148 | 114,000 | 114,000 | - |
| Excess of Revenues Over (Under) Expenditures | 100,000 | 134,229 | 34,229 | - | 3,664 | 3,664 |
| Other Financing Sources (Uses) | | | | | | |
| Proceeds on asset disposal | - | - | - | - | 132,615 | 132,615 |
| Transfers in | - | (37,769) | (37,769) | - | - | - |
| Total Other Financing Sources (Uses) | - | (37,769) | (37,769) | - | 132,615 | 132,615 |
| Net Change in Fund Balances | 100,000 | 96,460 | (3,540) | - | 136,279 | 136,279 |
| Fund Balances Beginning of Year (deficit) | (347,764) | (347,764) | - | 4,524 | 4,524 | - |
| Fund Balances End of Year (deficit) | \$ (247,764) | \$ (251,304) | \$ (3,540) | \$ 4,524 | \$ 140,803 | \$ 136,279 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Noxious Weeds and Health District Special Revenue Funds
For the Year Ended September 30, 2004

| | Noxious Weeds Special Revenue Fund | | | Health District Special Revenue Fund | | |
|--|---|--------------------|---|---|-------------------|---|
| | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) |
| Revenues | | | | | | |
| Taxes | \$ 228,547 | \$ 233,013 | \$ 4,466 | \$ 521,483 | \$ 535,693 | \$ 14,210 |
| Intergovernmental | 30,000 | 29,561 | (439) | - | - | - |
| Charges for services | 4,000 | 390 | (3,610) | - | 1 | 1 |
| Miscellaneous | 28,000 | 27,098 | (902) | 10,000 | - | (10,000) |
| Total Revenues | <u>290,547</u> | <u>290,062</u> | <u>(485)</u> | <u>531,483</u> | <u>535,694</u> | <u>4,211</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Sanitation | 299,497 | 291,171 | 8,326 | - | - | - |
| Health & welfare | - | - | - | 575,599 | 575,599 | - |
| Capital outlay: | | | | | | |
| Capital expenditures | 11,050 | 9,600 | 1,450 | - | - | - |
| Total Expenditures | <u>310,547</u> | <u>300,771</u> | <u>9,776</u> | <u>575,599</u> | <u>575,599</u> | <u>-</u> |
| Excess of Revenues Over (Under) | | | | | | |
| Expenditures | <u>(20,000)</u> | <u>(10,709)</u> | <u>9,291</u> | <u>(44,116)</u> | <u>(39,905)</u> | <u>4,211</u> |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 20,000 | 20,000 | - | 44,116 | 44,116 | - |
| Total Other Financing Sources (Uses) | <u>20,000</u> | <u>20,000</u> | <u>-</u> | <u>44,116</u> | <u>44,116</u> | <u>-</u> |
| Net Change in Fund Balances | - | 9,291 | 9,291 | - | 4,211 | 4,211 |
| Fund Balances Beginning of Year (deficit) | (42,803) | (42,803) | - | 44,259 | 44,259 | - |
| Fund Balances End of Year (deficit) | \$ (42,803) | \$ (33,512) | \$ 9,291 | \$ 44,259 | \$ 48,470 | \$ 4,211 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Historical Society and Parks & Recreation Special Revenue Funds
For the Year Ended September 30, 2004

| | Historical Society Special Revenue Fund | | | Parks & Recreation Special Revenue Fund | | |
|--|--|-------------------|---|--|-------------------|---|
| | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) |
| Revenues | | | | | | |
| Taxes | \$ 15,000 | \$ 15,220 | \$ 220 | \$ 124,969 | \$ 127,246 | \$ 2,277 |
| Intergovernmental | - | 4,000 | 4,000 | - | - | - |
| Miscellaneous | - | - | - | - | 420 | 420 |
| Total Revenues | 15,000 | 19,220 | 4,220 | 124,969 | 127,666 | 2,697 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Culture and recreation | 15,000 | 15,500 | (500) | 124,969 | 119,245 | 5,724 |
| Capital outlay: | | | | | | |
| Capital expenditures | - | - | - | - | 1,399 | (1,399) |
| Total Expenditures | 15,000 | 15,500 | (500) | 124,969 | 120,644 | 4,325 |
| Excess of Revenues Over (Under) | | | | | | |
| Expenditures | - | 3,720 | 3,720 | - | 7,022 | 7,022 |
| Net Change in Fund Balances | - | 3,720 | 3,720 | - | 7,022 | 7,022 |
| Fund Balances Beginning of Year (deficit) | 8,173 | 8,173 | - | 120,086 | 120,086 | - |
| Fund Balances End of Year (deficit) | \$ 8,173 | \$ 11,893 | \$ 3,720 | \$ 120,086 | \$ 127,108 | \$ 7,022 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Snowmobile and County Vessel Special Revenue Funds
For the Year Ended September 30, 2004

| | Snowmobile Special Revenue Fund | | | County Vessel Special Revenue Fund | | |
|---|---|-------------------|---|---|-------------------|---|
| | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) |
| Revenues | | | | | | |
| Licenses and permits | \$ 94,000 | \$ 95,910 | \$ 1,910 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | 412,677 | 463,654 | 50,977 |
| Miscellaneous | 37,274 | 978 | (36,296) | 72,235 | 6,092 | (66,143) |
| Total Revenues | 131,274 | 96,888 | (34,386) | 484,912 | 469,746 | (15,166) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Culture and recreation | 101,274 | 81,477 | 19,797 | 450,194 | 403,491 | 46,703 |
| Capital outlay: | | | | | | |
| Capital expenditures | 30,000 | 29,238 | 762 | - | 12,157 | (12,157) |
| Total Expenditures | 131,274 | 110,715 | 20,559 | 450,194 | 415,648 | 34,546 |
| Excess of Revenues Over (Under) Expenditures | - | (13,827) | (13,827) | 34,718 | 54,098 | 19,380 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers (out) | - | - | - | (32,419) | (22,772) | 9,647 |
| Total Other Financing Sources (Uses) | - | - | - | (32,419) | (22,772) | 9,647 |
| Net Change in Fund Balances | - | (13,827) | (13,827) | 2,299 | 31,326 | 29,027 |
| Fund Balances Beginning of Year (deficit) | 175,801 | 175,801 | - | 17,145 | 17,145 | - |
| Fund Balances End of Year (deficit) | \$ 175,801 | \$ 161,974 | \$ (13,827) | \$ 19,444 | \$ 48,471 | \$ 29,027 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Public Access and Indigent Special Revenue Funds
For the Year Ended September 30, 2004

| | Public Access Special Revenue Fund | | | Indigent Special Revenue Fund | | |
|---|---|-------------------|---|---|---------------------|---|
| | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 1,275,635 | \$ 1,313,679 | \$ 38,044 |
| Intergovernmental | 10,000 | 6,911 | (3,089) | - | - | - |
| Interest | 8,000 | 3,747 | (4,253) | - | - | - |
| Miscellaneous | - | - | - | 349,000 | 317,717 | (31,283) |
| Total Revenues | 18,000 | 10,658 | (7,342) | 1,624,635 | 1,631,396 | 6,761 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Health & welfare | - | - | - | 1,724,635 | 1,959,703 | (235,068) |
| Culture and recreation | 18,000 | 18,011 | (11) | - | - | - |
| Total Expenditures | 18,000 | 18,011 | (11) | 1,724,635 | 1,959,703 | (235,068) |
| Excess of Revenues Over (Under) | | | | | | |
| Expenditures | - | (7,353) | (7,353) | (100,000) | (328,307) | (228,307) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | - | - | - | 100,000 | 100,000 |
| Total Other Financing Sources (Uses) | - | - | - | - | 100,000 | 100,000 |
| Net Change in Fund Balances | - | (7,353) | (7,353) | (100,000) | (228,307) | (128,307) |
| Fund Balances Beginning of Year (deficit) | 126,361 | 126,361 | - | (328,445) | (328,445) | - |
| Fund Balances End of Year (deficit) | \$ 126,361 | \$ 119,008 | \$ (7,353) | \$ (428,445) | \$ (556,752) | \$ (128,307) |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
FTA Public Transportation and District Court Special Revenue Funds
For the Year Ended September 30, 2004

| | FTA Public Transportation Special Revenue Fund | | | District Court Special Revenue Fund | | |
|---|---|-------------------|---|---|-------------------|---|
| | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) |
| Revenues | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 149,184 | \$ 150,058 | \$ 874 |
| Intergovernmental | 219,500 | 254,352 | 34,852 | - | - | - |
| Fines and forfeitures | - | - | - | 705,140 | 751,018 | 45,878 |
| Charges for services | 223,500 | 222,173 | (1,327) | 126,097 | 129,282 | 3,185 |
| Miscellaneous | - | - | - | 33,763 | 1,377 | (32,386) |
| Total Revenues | 443,000 | 476,525 | 33,525 | 1,014,184 | 1,031,735 | 17,551 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 443,000 | 476,525 | (33,525) | 1,014,184 | 917,829 | 96,355 |
| Capital outlay: | | | | | | |
| Capital expenditures | - | - | - | - | 51,400 | (51,400) |
| Total Expenditures | 443,000 | 476,525 | (33,525) | 1,014,184 | 969,229 | 44,955 |
| Excess of Revenues Over (Under) Expenditures | - | - | - | - | 62,506 | 62,506 |
| Net Change in Fund Balances | - | - | - | - | 62,506 | 62,506 |
| Fund Balances Beginning of Year (deficit) | - | - | - | 215,623 | 215,623 | - |
| Fund Balances End of Year (deficit) | \$ - | \$ - | \$ - | \$ 215,623 | \$ 278,129 | \$ 62,506 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Revaluation and Kootenai Emergency Management Special Revenue Funds
For the Year Ended September 30, 2004

| | Revaluation Special Revenue Fund | | | Kootenai Emergency Management Special Revenue Fund | | |
|---|---|-------------------|---|---|--------------------|---|
| | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) |
| Revenues | | | | | | |
| Taxes | \$ 1,678,142 | \$ 1,703,241 | \$ 25,099 | \$ 1,162,802 | \$ 2,255,222 | \$ 1,092,420 |
| Licenses and permits | - | - | - | 25,000 | 33,720 | 8,720 |
| Intergovernmental | - | - | - | 25,000 | 43,328 | 18,328 |
| Interest | - | - | - | - | 2,154 | 2,154 |
| Charges for services | 2,500 | 2,252 | (248) | - | 23 | 23 |
| Miscellaneous | 100,000 | 1,312 | (98,688) | - | - | - |
| Total Revenues | 1,780,642 | 1,706,805 | (73,837) | 1,212,802 | 2,334,447 | 1,121,645 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 1,760,942 | 1,610,427 | 150,515 | 1,212,802 | 594,256 | 618,546 |
| Total Expenditures | 1,760,942 | 1,610,427 | 150,515 | 1,212,802 | 594,256 | 618,546 |
| Excess of Revenues Over (Under) | | | | | | |
| Expenditures | 19,700 | 96,378 | 76,678 | - | 1,740,191 | 1,740,191 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers (out) | - | - | - | - | (1,266,480) | (1,266,480) |
| Total Other Financing Sources (Uses) | - | - | - | - | (1,266,480) | (1,266,480) |
| Net Change in Fund Balances | 19,700 | 96,378 | 76,678 | - | 473,711 | 473,711 |
| Fund Balances Beginning of Year (deficit) | 143,215 | 143,215 | - | 224,470 | 224,470 | - |
| Fund Balances End of Year (deficit) | \$ 162,915 | \$ 239,593 | \$ 76,678 | \$ 224,470 | \$ 698,181 | \$ 473,711 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Construction and Centennial Trail Capital Projects Funds
For the Year Ended September 30, 2004

| | General Construction Capital Project Fund | | | Centennial Trail Capital Project Fund | | |
|---|--|---------------------|---|--|-------------------|---|
| | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) | Original & Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Over (Under) |
| Revenues | | | | | | |
| Intergovernmental | \$ 2,440,000 | \$ 2,612,510 | \$ 172,510 | \$ - | \$ - | \$ - |
| Miscellaneous | 7,100 | 6,316 | (784) | 15,000 | 10,000 | (5,000) |
| Total Revenues | 2,447,100 | 2,618,826 | 171,726 | 15,000 | 10,000 | (5,000) |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | - | 26,500 | (26,500) | - | - | - |
| Culture and recreation | 1,000 | 89,642 | (88,642) | 15,000 | 25,404 | (10,404) |
| Capital projects | 43,000 | 63,770 | (20,770) | - | - | - |
| Capital outlay: | | | | | | |
| Capital expenditures | - | - | - | - | 11,104 | (11,104) |
| Construction in progress | 2,435,100 | 2,499,455 | (64,355) | - | 3,250 | (3,250) |
| Total Expenditures | 2,479,100 | 2,679,367 | (200,267) | 15,000 | 39,758 | (24,758) |
| Excess of Revenues Over (Under) Expenditures | (32,000) | (60,541) | (28,541) | - | (29,758) | (29,758) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 64,419 | 60,541 | (3,878) | - | 5,000 | 5,000 |
| Total Other Financing Sources (Uses) | 64,419 | 60,541 | (3,878) | - | 5,000 | 5,000 |
| Net Change in Fund Balances | 32,419 | - | (32,419) | - | (24,758) | (24,758) |
| Fund Balances Beginning of Year (deficit) | (261,072) | (261,072) | - | 78,044 | 78,044 | - |
| Fund Balances End of Year (deficit) | \$ (228,653) | \$ (261,072) | \$ (32,419) | \$ 78,044 | \$ 53,286 | \$ (24,758) |

See accompanying Independent Auditors' Report

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 private purpose trust funds.

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, 2004
With Comparative Totals for September 30, 2003

| | Agency Funds | | | |
|---|------------------|------------------|----------------------|---------------------|
| | State of Idaho | Cities | Highway Districts | School Districts |
| Assets | | | | |
| Cash in bank and investments | \$ 1,166,249 | \$ 172,782 | \$ 34,486 | \$ 277,465 |
| Receivables: | | | | |
| Taxes delinquent | 29,156 | 870,008 | 285,286 | 1,966,460 |
| Accounts receivable | - | 269,941 | 77,125 | - |
| Total Assets | 1,195,405 | 1,312,731 | 396,897 | 2,243,925 |
| Liabilities | | | | |
| Due to other governments | 1,195,405 | 1,312,731 | - | - |
| Due to other funds | - | - | - | - |
| Due to other individuals | - | - | - | - |
| Due to other taxing districts | - | - | 396,897 | 2,243,925 |
| Total Liabilities | 1,195,405 | 1,312,731 | 396,897 | 2,243,925 |
| Net Assets | | | | |
| Held in trust for other purposes | \$ - | \$ - | \$ - | \$ - |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2004
With Comparative Totals for September 30, 2003

| | Agency Funds | | | |
|---|-------------------|-------------------|----------------------------|------------------------|
| | Fire Districts | Public Library | Water & Sewer Districts | North Idaho College |
| Assets | | | | |
| Cash in bank and investments | \$ 52,927 | \$ 126,214 | \$ 3,011 | \$ 37,165 |
| Receivables: | | | | |
| Taxes delinquent | 432,436 | 109,639 | 31,043 | 286,559 |
| Accounts receivable | 70,427 | 15,570 | 1,640 | 91,763 |
| Total Assets | 555,790 | 251,423 | 35,694 | 415,487 |
| Liabilities | | | | |
| Due to other governments | - | - | - | 415,487 |
| Due to other funds | - | 118,499 | - | - |
| Due to other individuals | - | - | - | - |
| Due to other taxing districts | 555,790 | 132,924 | 35,694 | - |
| Total Liabilities | 555,790 | 251,423 | 35,694 | 415,487 |
| Net Assets | | | | |
| Held in trust for other purposes | \$ - | \$ - | \$ - | \$ - |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2004
With Comparative Totals for September 30, 2003

| | Agency Funds | | Totals | |
|---|--------------------|----------------------------|------------------|------------------|
| | Public Hospital | Urban Renewal Districts | 2004 | 2003 |
| Assets | | | | |
| Cash in bank and investments | \$ - | \$ 3,388 | \$ 1,873,687 | \$ 1,759,657 |
| Receivables: | | | | |
| Taxes delinquent | - | 113,898 | 4,124,485 | 4,872,862 |
| Accounts receivable | 3,144 | - | 529,610 | 437,321 |
| Total Assets | 3,144 | 117,286 | 6,527,782 | 7,069,840 |
| Liabilities | | | | |
| Due to other governments | - | - | 2,923,623 | 3,156,228 |
| Due to other funds | - | - | 118,499 | - |
| Due to other individuals | 3,144 | - | 3,144 | 3,144 |
| Due to other taxing districts | - | 117,286 | 3,482,516 | 3,910,468 |
| Total Liabilities | 3,144 | 117,286 | 6,527,782 | 7,069,840 |
| Net Assets | | | | |
| Held in trust for other purposes | \$ - | \$ - | \$ - | \$ - |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2004
With Comparative Totals for September 30, 2003

| | Private Purpose | | Totals | | | |
|---|-----------------|------------------|--------|------------------|----|------------------|
| | Trusts | Funds | 2004 | 2003 | | |
| Assets | | | | | | |
| Cash in bank and investments | \$ | 4,747,179 | \$ | 4,747,179 | \$ | 3,736,926 |
| Receivables: | | | | | | |
| Taxes delinquent | | 18,866 | | 18,866 | | 18,386 |
| Accounts receivable | | - | | - | | 2,833 |
| Due from other governments | | - | | - | | 464,192 |
| Total Assets | | 4,766,045 | | 4,766,045 | | 4,222,337 |
| Liabilities | | | | | | |
| Accounts payable | | 59,984 | | 59,984 | | 17,044 |
| Deferred compensation payable | | 1,854,702 | | 1,854,702 | | 1,763,842 |
| Deferred property taxes | | - | | - | | 1,303,734 |
| Due to other individuals | | - | | - | | 5,762 |
| Total Liabilities | | 1,914,686 | | 1,914,686 | | 3,090,382 |
| Net Assets | | | | | | |
| Held in trust for other purposes | \$ | 2,851,359 | \$ | 2,851,359 | \$ | 1,131,955 |

See accompanying Independent Auditors' Report

Kootenai County, Idaho
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2004

| | Agency Funds | | | |
|-------------------------------------|-----------------------|----------------------|----------------------|-------------------------|
| | Balance October-03 | Additions | Deletions | Balance September-04 |
| <i>State of Idaho</i> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 1,185,016 | \$ 12,603,556 | \$ 12,622,323 | \$ 1,166,249 |
| Receivables: | | | | |
| Taxes delinquent | 31,949 | 411,943 | 414,736 | 29,156 |
| Total Assets | \$ 1,216,965 | \$ 13,015,499 | \$ 13,037,059 | \$ 1,195,405 |
| Liabilities | | | | |
| Due to other governments | \$ 1,216,965 | \$ 13,015,499 | \$ 13,037,059 | \$ 1,195,405 |
| Total Liabilities | \$ 1,216,965 | \$ 13,015,499 | \$ 13,037,059 | \$ 1,195,405 |
| <i>Cities</i> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 141,187 | \$ 19,637,972 | \$ 19,606,377 | \$ 172,782 |
| Receivables: | | | | |
| Taxes delinquent | 1,150,779 | 17,044,082 | 17,324,853 | 870,008 |
| Accounts receivable | 221,149 | 269,941 | 221,149 | 269,941 |
| Total Assets | \$ 1,513,115 | \$ 36,951,995 | \$ 37,152,379 | \$ 1,312,731 |
| Liabilities | | | | |
| Due to other governments | \$ 1,513,115 | \$ 36,951,995 | \$ 37,152,379 | \$ 1,312,731 |
| Total Liabilities | \$ 1,513,115 | \$ 36,951,995 | \$ 37,152,379 | \$ 1,312,731 |
| <i>Highway Districts</i> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 28,108 | \$ 6,167,283 | \$ 6,160,905 | \$ 34,486 |
| Receivables: | | | | |
| Taxes delinquent | 325,696 | 5,398,991 | 5,439,401 | 285,286 |
| Accounts receivable | 66,051 | 77,125 | 66,051 | 77,125 |
| Total Assets | \$ 419,855 | \$ 11,643,399 | \$ 11,666,357 | \$ 396,897 |
| Liabilities | | | | |
| Due to other taxing districts | \$ 419,855 | \$ 11,643,399 | \$ 11,666,357 | \$ 396,897 |
| Total Liabilities | \$ 419,855 | \$ 11,643,399 | \$ 11,666,357 | \$ 396,897 |
| <i>School Districts</i> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 252,209 | \$ 45,043,942 | \$ 45,018,686 | \$ 277,465 |
| Receivables: | | | | |
| Taxes delinquent | 2,352,147 | 42,797,105 | 43,182,792 | 1,966,460 |
| Total Assets | \$ 2,604,356 | \$ 87,841,047 | \$ 88,201,478 | \$ 2,243,925 |
| Liabilities | | | | |
| Due to other taxing districts | \$ 2,604,356 | \$ 87,841,047 | \$ 88,201,478 | \$ 2,243,925 |
| Total Liabilities | \$ 2,604,356 | \$ 87,841,047 | \$ 88,201,478 | \$ 2,243,925 |

continued

**Kootenai County, Idaho
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2004**

| | Agency Funds | | | |
|---|-----------------------|----------------------|----------------------|-------------------------|
| | Balance October-03 | Additions | Deletions | Balance September-04 |
| <u>Fire Districts</u> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 44,189 | \$ 8,049,175 | \$ 8,040,437 | \$ 52,927 |
| Receivables: | | | | |
| Taxes delinquent | 538,566 | 7,648,889 | 7,755,019 | 432,436 |
| Accounts receivable | 56,858 | 70,427 | 56,858 | 70,427 |
| Total Assets | \$ 639,613 | \$ 15,768,491 | \$ 15,852,314 | \$ 555,790 |
| Liabilities | | | | |
| Due to other taxing districts | \$ 639,613 | \$ 15,768,491 | \$ 15,852,314 | \$ 555,790 |
| Total Liabilities | \$ 639,613 | \$ 15,768,491 | \$ 15,852,314 | \$ 555,790 |
| <u>Public Library</u> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 7,720 | \$ 1,388,223 | \$ 1,269,729 | \$ 126,214 |
| Receivables: | | | | |
| Taxes delinquent | 141,401 | 1,152,817 | 1,184,579 | 109,639 |
| Accounts receivable | 12,922 | 15,571 | 12,923 | 15,570 |
| Total Assets | \$ 162,043 | \$ 2,556,611 | \$ 2,467,231 | \$ 251,423 |
| Liabilities | | | | |
| Due to other taxing districts | \$ 162,043 | \$ 2,556,611 | \$ 2,467,231 | \$ 251,423 |
| Total Liabilities | \$ 162,043 | \$ 2,556,611 | \$ 2,467,231 | \$ 251,423 |
| <u>Water & Sewer Districts</u> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 1,708 | \$ 202,082 | \$ 200,779 | \$ 3,011 |
| Receivables: | | | | |
| Taxes delinquent | 30,082 | 193,525 | 192,564 | 31,043 |
| Accounts receivable | 1,234 | 1,640 | 1,234 | 1,640 |
| Total Assets | \$ 33,024 | \$ 397,247 | \$ 394,577 | \$ 35,694 |
| Liabilities | | | | |
| Due to other taxing districts | \$ 33,024 | \$ 397,247 | \$ 394,577 | \$ 35,694 |
| Total Liabilities | \$ 33,024 | \$ 397,247 | \$ 394,577 | \$ 35,694 |
| <u>North Idaho College</u> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 32,464 | \$ 5,676,298 | \$ 5,671,597 | \$ 37,165 |
| Receivables: | | | | |
| Taxes delinquent | 317,721 | 5,256,438 | 5,287,600 | 286,559 |
| Accounts receivable | 75,963 | 91,764 | 75,964 | 91,763 |
| Total Assets | \$ 426,148 | \$ 11,024,500 | \$ 11,035,161 | \$ 415,487 |
| Liabilities | | | | |
| Due to other governments | \$ 426,148 | \$ 11,024,500 | \$ 11,035,161 | \$ 415,487 |
| Total Liabilities | \$ 426,148 | \$ 11,024,500 | \$ 11,035,161 | \$ 415,487 |

continued

Kootenai County, Idaho
Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended September 30, 2004

| | Agency Funds | | | |
|---|-----------------------|---------------------|---------------------|-------------------------|
| | Balance October-03 | Additions | Deletions | Balance September-04 |
| <u>Kootenai County Public Hospital</u> | | | | |
| Assets | | | | |
| Receivables: | | | | |
| Accounts receivable | \$ 3,144 | \$ 3,144 | \$ 3,144 | \$ 3,144 |
| Total Assets | \$ 3,144 | \$ 3,144 | \$ 3,144 | \$ 3,144 |
| Liabilities | | | | |
| Due to other individuals | \$ 3,144 | \$ 3,144 | \$ 3,144 | \$ 3,144 |
| Total Liabilities | \$ 3,144 | \$ 3,144 | \$ 3,144 | \$ 3,144 |
| <u>Urban Renewal Districts</u> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 67,056 | \$ 1,171,287 | \$ 1,234,955 | \$ 3,388 |
| Receivables: | | | | |
| Taxes delinquent | (15,479) | 1,567,263 | 1,437,886 | 113,898 |
| Total Assets | \$ 51,577 | \$ 2,738,550 | \$ 2,672,841 | \$ 117,286 |
| Liabilities | | | | |
| Due to other taxing districts | \$ 51,577 | \$ 2,738,550 | \$ 2,672,841 | \$ 117,286 |
| Total Liabilities | \$ 51,577 | \$ 2,738,550 | \$ 2,672,841 | \$ 117,286 |
| Private Purpose Trust Funds | | | | |
| <u>Trust Funds</u> | | | | |
| Assets | | | | |
| Cash in bank and investments | \$ 3,736,926 | \$ 7,948,355 | \$ 6,938,102 | \$ 4,747,179 |
| Receivables: | | | | |
| Taxes delinquent | 18,386 | 85,161 | 84,681 | 18,866 |
| Accounts receivable | 2,833 | - | 2,833 | - |
| Due from other governments | 464,192 | - | 464,192 | - |
| Total Assets | \$ 4,222,337 | \$ 8,033,516 | \$ 7,489,808 | \$ 4,766,045 |
| Liabilities | | | | |
| Accounts payable | \$ 17,044 | \$ 4,043,054 | \$ 4,000,114 | \$ 59,984 |
| Deferred compensation payable | 1,763,842 | 90,860 | - | 1,854,702 |
| Deferred property taxes | 1,303,734 | - | 1,303,734 | - |
| Due to other funds | 1,131,955 | 1,719,404 | - | 2,851,359 |
| Due to other individuals | 5,762 | - | 5,762 | - |
| Total Liabilities | \$ 4,222,337 | \$ 5,853,318 | \$ 5,309,610 | \$ 4,766,045 |

See accompanying Independent Auditors' Report

Capital Assets Used in The Operation of Governmental Funds

The new entry way for the Ramsey Transfer Station features two new in-bound scale houses that speeds customers through their visit. The extended two-lane traffic queuing area moves vehicles off the street providing a safer operation and reducing roadway congestion.



New Entrance/Exit at the Ramsey Transfer Station. Completed 2004



Previous Traffic Flow



A Division of Kootenai County

KOOTENAI COUNTY, IDAHO
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2003 and 2004

| | 2004 | 2003 |
|--|----------------------|----------------------|
| Governmental funds capital assets: | | |
| Land | \$ 4,063,214 | \$ 4,027,672 |
| Buildings | 35,408,565 | 35,577,276 |
| Improvements other than buildings | 13,823,856 | 13,368,198 |
| Machinery and equipment | 16,198,823 | 15,662,931 |
| Construction in progress | 3,611,655 | 1,515,605 |
| Total Governmental Funds Capital Assets | \$ 73,106,113 | \$ 70,151,682 |
| Investments in governmental funds capital assets by source: | | |
| General fund | \$ 46,464,163 | \$ 46,683,234 |
| Special revenue fund | 26,641,950 | 23,468,448 |
| Total Investments in Governmental funds capital assets | \$ 73,106,113 | \$ 70,151,682 |

KOOTENAI COUNTY, IDAHO
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2003 and 2004

| <i>Function and Activity</i> | Land | Buildings | Improvements Other than Buildings | Machinery and Equipment | Construction in Progress | Total |
|--|------------|------------|---|-------------------------------|--------------------------------|------------|
| General Government: | | | | | | |
| Commissioners | \$ 686,365 | \$ - | \$ - | \$ 93,545 | \$ - | \$ 779,910 |
| Auditor/Recorder/Elections | - | - | - | 273,220 | - | 273,220 |
| Treasurer | - | - | - | 435,172 | - | 435,172 |
| Assessor | - | 479,461 | - | 2,882,522 | - | 3,361,983 |
| Buildings and Grounds | - | 29,328 | - | 138,657 | - | 167,985 |
| General | 1,244,162 | 11,120,996 | 1,880 | 275,957 | - | 12,642,995 |
| Cooperative Extension | - | - | - | 51,216 | - | 51,216 |
| Planning & Zoning | - | - | - | 86,089 | - | 86,089 |
| Office of Emergency Management | - | - | - | 121,371 | - | 121,371 |
| Print Shop/Mail Room | - | - | - | 146,823 | - | 146,823 |
| Information Services | - | - | - | 1,775,980 | - | 1,775,980 |
| Auto Shop | - | 329,328 | - | 100,003 | - | 429,331 |
| Human Resources | - | - | - | 7,445 | - | 7,445 |
| Legal Services | - | - | - | 15,275 | - | 15,275 |
| Revaluation | - | - | - | 286,588 | - | 286,588 |
| District Court | - | 2,494,696 | 1,575 | 339,187 | - | 2,835,458 |
| Veterans Services | - | - | - | 4,685 | - | 4,685 |
| Prosecuting Attorney | - | - | - | 150,221 | - | 150,221 |
| Public Defender | - | - | - | 121,229 | - | 121,229 |
| Total General Government | 1,930,527 | 14,453,809 | 3,455 | 7,305,185 | - | 23,692,976 |
| Public Works: | | | | | | |
| Airport | 1,818,571 | 502,336 | 13,222,379 | 1,660,103 | 283,844 | 17,487,233 |
| Total Public Works | 1,818,571 | 502,336 | 13,222,379 | 1,660,103 | 283,844 | 17,487,233 |
| Public Safety: | | | | | | |
| Sheriff | 9,711 | 1,050,380 | - | 2,829,823 | - | 3,889,914 |
| Sheriff-Jail | - | 14,756,431 | 12,925 | 872,136 | - | 15,641,492 |
| Juvenile Diversion | - | - | - | 41,500 | - | 41,500 |
| Juvenile Probation/ Adult Misdemeanor | - | 337,600 | - | 167,573 | - | 505,173 |
| Juvenile Detention Center | - | 3,469,429 | - | 264,512 | - | 3,733,941 |
| 9-1-1 | 55,103 | 599,459 | - | 1,815,989 | - | 2,470,551 |
| Building Department | - | - | - | 106,785 | - | 106,785 |
| Coroner | - | - | - | 9,657 | - | 9,657 |
| Total Public Safety | 64,814 | 20,213,299 | 12,925 | 6,107,975 | - | 26,399,013 |
| Sanitation: | | | | | | |
| Noxious Weed Control | - | - | - | 46,429 | - | 46,429 |
| Total Sanitation | - | - | - | 46,429 | - | 46,429 |
| Health and Welfare: | | | | | | |
| Community Services | - | - | - | 34,777 | - | 34,777 |
| Total Health and Welfare | - | - | - | 34,777 | - | 34,777 |

continued

KOOTENAI COUNTY, IDAHO
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2003 and 2004

(continued)

| <i>Function and Activity</i> | Land | Buildings | Improvements Other than Buildings | Machinery and Equipment | Construction in Progress | Total |
|---------------------------------|---------------------|----------------------|---|-------------------------------|--------------------------------|----------------------|
| Culture and Recreation: | | | | | | |
| County Fair | 60,031 | - | - | - | - | 60,031 |
| Park and Recreation | - | 11,104 | - | 84,912 | - | 96,016 |
| Waterways/County Snowmobile | 189,271 | 228,017 | 585,097 | 291,087 | - | 1,293,472 |
| Marine Deputy | - | - | - | 668,355 | - | 668,355 |
| Total Culture and Recreation | 249,302 | 239,121 | 585,097 | 1,044,354 | - | 2,117,874 |
| Capital Projects: | | | | | | |
| AIP-20 | - | - | - | - | 1,130,007 | 1,130,007 |
| AIP-21 | - | - | - | - | 281,754 | 281,754 |
| AIP-22 | - | - | - | - | 926,897 | 926,897 |
| PAC AIP Project | - | - | - | - | 973,750 | 973,750 |
| WW Hauser Launch | - | - | - | - | 9,643 | 9,643 |
| WW Mowry Park Docks | - | - | - | - | 5,760 | 5,760 |
| Total Capital Projects | - | - | - | - | 3,327,811 | 3,327,811 |
| Total Governmental Funds | | | | | | |
| Capital Assets | \$ 4,063,214 | \$ 35,408,565 | \$ 13,823,856 | \$ 16,198,823 | \$ 3,611,655 | \$ 73,106,113 |

KOOTENAI COUNTY, IDAHO
Schedule of Changes in General Fixed Assets by Function and Activity
For the Fiscal Year Ended September 30, 2004

| <i>Function and Activity</i> | General Fixed Assets 9/30/2003 | Additions | Deductions | Transfers and Adjustments | General Fixed Assets 9/30/2004 |
|---|--------------------------------------|-----------|--------------|---------------------------------|--------------------------------------|
| General Government: | | | | | |
| Commissioners | \$ 987,727 | \$ 11,360 | \$ (217,301) | \$ (1,876) | \$ 779,910 |
| Auditor/Recorder/Elections | 272,565 | 8,290 | (7,473) | (162) | 273,220 |
| Treasurer | 282,941 | 154,509 | (1,169) | (1,109) | 435,172 |
| Assessor | 3,359,484 | 13,768 | (10,904) | (365) | 3,361,983 |
| Buildings and Grounds | 176,324 | 2,727 | (11,066) | - | 167,985 |
| General | 12,631,299 | 46,172 | (34,260) | (216) | 12,642,995 |
| Cooperative Extension | 61,214 | - | (9,998) | - | 51,216 |
| Planning & Zoning | 91,400 | 11,937 | (8,240) | (9,008) | 86,089 |
| Office of Emergency Mgmt | 104,531 | 14,661 | - | 2,179 | 121,371 |
| Print Shop/Mail Room | 151,370 | 5,400 | - | (9,947) | 146,823 |
| Information Systems | 1,642,164 | 135,635 | (58,986) | 57,167 | 1,775,980 |
| Auto Shop | 431,364 | - | - | (2,033) | 429,331 |
| Human Resources | 4,315 | 3,130 | - | - | 7,445 |
| Legal Services | 17,969 | - | (2,694) | - | 15,275 |
| Revaluation | 298,946 | 17,926 | (6,765) | (23,519) | 286,588 |
| District Court | 2,797,680 | 53,560 | (15,784) | 2 | 2,835,458 |
| Veterans Services | 3,368 | 1,317 | - | - | 4,685 |
| Prosecuting Attorney | 152,380 | 6,914 | (9,635) | 562 | 150,221 |
| Public Defender | 90,451 | 21,946 | (13,530) | 22,362 | 121,229 |
| Total General Government | 23,557,492 | 509,252 | (407,805) | 34,037 | 23,692,976 |
| Public Works: | | | | | |
| Airport | 17,389,047 | 101,187 | - | (3,001) | 17,487,233 |
| Total Public Works | 17,389,047 | 101,187 | - | (3,001) | 17,487,233 |
| Public Safety: | | | | | |
| Sheriff | 3,757,555 | 316,742 | (133,854) | (50,529) | 3,889,914 |
| Sheriff-Jail | 15,659,963 | 51,141 | (18,133) | (51,479) | 15,641,492 |
| Juvenile Diversion | 42,284 | 2,250 | - | (3,034) | 41,500 |
| Juvenile Probation/Adult Misdemeanor Probation | 501,874 | 29,453 | (22,500) | (3,654) | 505,173 |
| Juvenile Detention Center | 3,733,941 | - | - | - | 3,733,941 |
| 9-1-1 | 2,463,091 | 61,128 | (13,838) | (39,830) | 2,470,551 |
| Building Department | 114,646 | 2,662 | (10,523) | - | 106,785 |
| Coroner | 9,657 | - | - | - | 9,657 |
| Total Public Safety | 26,283,011 | 463,376 | (198,848) | (148,526) | 26,399,013 |
| Sanitation: | | | | | |
| Noxious Weed Control | 54,771 | 9,600 | (17,942) | - | 46,429 |
| Total Sanitation | 54,771 | 9,600 | (17,942) | - | 46,429 |
| Health and Welfare: | | | | | |
| Community Assistance | 34,777 | - | - | - | 34,777 |
| Total Health and Welfare | 34,777 | - | - | - | 34,777 |

continued

KOOTENAI COUNTY, IDAHO
Schedule of Changes in General Fixed Assets by Function and Activity
For the Fiscal Year Ended September 30, 2004

(continued)

| <i>Function and Activity</i> | General Fixed Assets 9/30/2003 | Additions | Deductions | Transfers and Adjustments | General Fixed Assets 9/30/2004 |
|-----------------------------------|--------------------------------------|---------------------|-----------------------|---------------------------------|--------------------------------------|
| Culture and Recreation: | | | | | |
| County Fair | 60,638 | - | (607) | - | 60,031 |
| Parks and Recreation | 80,513 | 12,503 | - | 3,000 | 96,016 |
| Waterways/County Snowmobile | 826,939 | 451,709 | - | 14,824 | 1,293,472 |
| Marine Deputy | 638,779 | 38,658 | (14,282) | 5,200 | 668,355 |
| Total Culture and Recreation | 1,606,869 | 502,870 | (14,889) | 23,024 | 2,117,874 |
| Capital Projects: | | | | | |
| AIP-20 | 1,054,666 | 75,341 | - | - | 1,130,007 |
| AIP- 21 | 18,525 | 263,229 | - | - | 281,754 |
| AIP- 22 | - | 926,897 | - | - | 926,897 |
| AIP PAC ADMIN GRANT | - | 973,750 | - | - | 973,750 |
| WW Hauser Launch | - | 9,643 | - | - | 9,643 |
| WW Mowry Park Docks | - | 5,760 | - | - | 5,760 |
| Harrison Docks | 110,586 | 252,521 | (363,107) | - | - |
| WW Windy Bay | 41,938 | - | (41,938) | - | - |
| Total Capital Projects | 1,225,715 | 2,507,141 | (405,045) | - | 3,327,811 |
| Total General Fixed Assets | \$ 70,151,682 | \$ 4,093,426 | \$ (1,044,529) | \$ (94,466) | \$ 73,106,113 |



A Division of Kootenai County

STATISTICAL SECTION

The Coeur d'Alene Airport is one of the 13,228 airports located in the United States. It is one of only 5,157 publicly owned airports, being owned by Kootenai County. Of those 13,000 airports, only 384 are served by scheduled airlines (about 3%) and only 684 have control towers (about 5%), making airports like Coeur d'Alene an absolute necessity for the economic well being of small communities to serve the corporate, business, and private travel of the General Aviation Fleet.



The U.S. Forest Service maintains a firefighting operations base at the Coeur d'Alene Airport.

Out of the 183,303 active civil aircraft registered in the United States, only 7,297 are air carrier aircraft leaving 176,000 aircraft or (96%) to be served by airports and communities like Coeur d'Alene.



A Division of Kootenai County

STATISTICAL SECTION

This part of Kootenai County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

| CONTENTS | Page |
|--|------|
| Financial Trends | 104 |
| These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. | |
| Revenue Capacity | 113 |
| These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | |
| Debt Capacity | 118 |
| These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 120 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's activities take place. | |
| Operating Information | 123 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

KOOTENAI COUNTY, IDAHO
Net Assets by Component
Last Three Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | |
|---|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 |
| Governmental activities | | | |
| Invested in capital assets, net of related debt | \$ 29,841 | \$ 31,012 | \$ 32,657 |
| Restricted | 5,057 | 364 | 4,475 |
| Unrestricted | 7,601 | 8,035 | 10,650 |
| Total governmental activities net assets | \$ 42,499 | \$ 39,411 | \$ 47,782 |
| Business-type activities | | | |
| Invested in capital assets, net of related debt | \$ 1,437 | \$ 2,830 | \$ 1,883 |
| Restricted | 2,912 | 3,249 | 3,938 |
| Unrestricted | 17,461 | 18,561 | 20,702 |
| Total primary government | \$ 21,810 | \$ 24,640 | \$ 26,523 |
| Primary government | | | |
| Invested in capital assets, net of related debt | \$ 31,278 | \$ 33,842 | \$ 34,540 |
| Restricted | 7,969 | 3,613 | 8,413 |
| Unrestricted | 25,062 | 26,596 | 31,352 |
| Total primary government net assets | \$ 64,309 | \$ 64,051 | \$ 74,305 |

KOOTENAI COUNTY, IDAHO
Changes in Net Assets
Last Three Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | |
|--|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 |
| Expenses | | | |
| Governmental activities: | | | |
| General government | \$ 19,115 | \$ 22,652 | \$ 22,805 |
| Public Works | 932 | 1,550 | 1,759 |
| Public Safety | 19,902 | 18,029 | 18,421 |
| Sanitation weed control | 282 | 231 | 297 |
| Health and welfare | 2,168 | 2,095 | 2,614 |
| Culture and recreation | 214 | 867 | 959 |
| Capital projects | 131 | 28 | 64 |
| Interest on long-term debt | 793 | 754 | 640 |
| Total governmental activities expenses | 43,537 | 46,206 | 47,559 |
| Business-type activities: | | | |
| Solid waste and landfill | 6,162 | 5,076 | 6,509 |
| Total business-type activities expenses | 6,162 | 5,076 | 6,509 |
| Total primary government expenses | \$ 49,699 | \$ 51,282 | \$ 54,068 |
| Program Revenues | | | |
| Governmental activities: | | | |
| Charges for services: | | | |
| General government | \$ 8,887 | \$ 8,627 | \$ 9,481 |
| Public safety | 5,269 | 6,670 | 7,946 |
| Culture and recreation | 455 | 474 | 518 |
| Other activities | 47 | 61 | 57 |
| Operating grants and contributions | 1,275 | 1,841 | 2,987 |
| Capital grants and contributions | 2,423 | 2,082 | 1,829 |
| Total governmental activities program revenues | 18,356 | 19,755 | 22,818 |
| Business-type activities: | | | |
| Charges for services: | | | |
| Solid waste and landfill | 7,493 | 7,774 | 8,363 |
| Operating grants and contributions | - | 6 | 7 |
| Capital grants and contributions | - | - | - |
| Total business-type activities program revenues | 7,493 | 7,780 | 8,370 |
| Total primary government program revenues | \$ 25,849 | \$ 27,535 | \$ 31,188 |

continued

KOOTENAI COUNTY, IDAHO
Changes in Net Assets
Last Three Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | |
|---|--------------------|--------------------|--------------------|
| | 2002 | 2003 | 2004 |
| Net (expense)/revenue | | | |
| Governmental activities | \$ (25,181) | \$ (26,451) | \$ (24,741) |
| Business-type activities | 1,330 | 2,704 | 1,860 |
| Total primary government net (expense)/revenue | \$ (23,851) | \$ (23,747) | \$ (22,881) |
| General Revenues and other Changes in Net Assets | | | |
| Governmental activities: | | | |
| Taxes: | | | |
| Property taxes, levied for general purposes | \$ 22,443 | \$ 23,031 | \$ 27,675 |
| Sales and use taxes | 5,446 | 14 | 4,664 |
| Interest and investment earnings | 627 | 417 | 335 |
| Miscellaneous | 628 | 672 | 1,150 |
| Transfers | 638 | (770) | (712) |
| Total governmental activities | 29,782 | 23,364 | 33,112 |
| Business-type activities: | | | |
| Interest and investment earnings | 497 | 406 | 381 |
| Miscellaneous | 9 | 138 | 124 |
| Transfers | (399) | (419) | (482) |
| Total business-type activities | 107 | 125 | 23 |
| Total primary government | \$ 29,889 | \$ 23,489 | \$ 33,135 |
| Change in Net Assets | | | |
| Governmental activities | \$ 4,600 | \$ (3,088) | \$ 8,371 |
| Business-type activities | 1,437 | 2,830 | 1,883 |
| Total primary government | \$ 6,037 | \$ (258) | \$ 10,254 |

KOOTENAI COUNTY, IDAHO
Governmental Activities Tax Revenue By Source
Last Three Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

| Fiscal Year | Property Tax | Resort Sales Tax | Total |
|-------------------|--------------|------------------|-----------|
| 2002 ¹ | \$ 22,443 | \$ 5,446 | \$ 27,889 |
| 2003 ² | 23,031 | 14 | 23,045 |
| 2004 | 27,675 | 4,664 | 32,339 |

(1) First year of voter approved sales tax ordinance (CAFR 2001).

(2) Decommissioning of voter approved resort sales tax ordinance subject to State Court orders (CAFR 2002).

KOOTENAI COUNTY, IDAHO
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 1995 | 1996 | 1997 | 1998 |
| General fund | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 6,961 | 6,634 | 6,670 | 5,381 |
| Total general fund | \$ 6,961 | \$ 6,634 | \$ 6,670 | \$ 5,381 |
| All other governmental funds | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | |
| Special revenue funds | 747 | 724 | 816 | 902 |
| Capital projects funds | 432 | 545 | 660 | 18 |
| Jail tax payment fund | - | - | - | - |
| Total all other governmental funds | \$ 1,179 | \$ 1,269 | \$ 1,476 | \$ 920 |

Kootenai County Comprehensive Annual Financial Report - FY 2004

| Fiscal Year | | | | | | | | | | | |
|-------------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|---------------|
| 1999 | | 2000 | | 2001 | | 2002 | | 2003 | | 2004 | |
| \$ | - | \$ | - | \$ | 465 | \$ | 261 | \$ | 256 | \$ | 237 |
| | 5,611 | | 5,096 | | 6,078 | | 7,153 | | 8,004 | | 9,855 |
| \$ | 5,611 | \$ | 5,096 | \$ | 6,543 | \$ | 7,414 | \$ | 8,260 | \$ | 10,092 |
| \$ | - | \$ | 8,016 | \$ | 1,731 | \$ | 4,796 | \$ | 109 | \$ | 4,239 |
| | 610 | | 970 | | 2,154 | | 729 | | 385 | | 1,002 |
| | 1,549 | | - | | 846 | | (281) | | (183) | | (208) |
| | - | | - | | - | | - | | (171) | | - |
| \$ | 2,159 | \$ | 8,986 | \$ | 4,731 | \$ | 5,244 | \$ | 140 | \$ | 5,033 |

KOOTENAI COUNTY, IDAHO
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| | Fiscal Year | | | |
|--|-----------------|-----------------|---------------|-------------------|
| | 1995 | 1996 | 1997 | 1998 |
| Revenues | | | | |
| Taxes | \$ 16,322 | \$ 16,309 | \$ 16,857 | \$ 17,446 |
| Licenses and permits | 935 | 1,002 | 1,028 | 1,032 |
| Intergovernmental | 4,126 | 5,747 | 5,751 | 6,387 |
| Interest | - | 3 | 5 | 6 |
| Fines and forfeitures | 602 | 723 | 747 | 801 |
| Charges for services | 2,878 | 3,250 | 3,251 | 3,184 |
| Miscellaneous | 1,554 | 1,486 | 1,648 | 1,912 |
| Total revenues | 26,417 | 28,520 | 29,287 | 30,768 |
| Expenditures | | | | |
| General government | 11,062 | 12,687 | 14,334 | 15,402 |
| Public works | - | - | - | - |
| Public safety | 9,044 | 9,652 | 10,321 | 11,079 |
| Sanitation weed control | 156 | 152 | 165 | 151 |
| Health & welfare | 1,589 | 1,605 | 1,385 | 1,419 |
| Culture and recreation | 321 | 472 | 435 | 459 |
| Capital projects | 6 | 9 | 201 | 174 |
| Debt Service: | | | | |
| Principal retirement | 873 | 710 | 548 | 1,048 |
| Interest expense | - | - | - | - |
| Capital Outlay: | | | | |
| Capital expenditures | 1,594 | 2,716 | 1,375 | 1,193 |
| Construction in progress | 497 | 1,085 | 4,248 | 2,150 |
| Total expenditures | 25,142 | 29,088 | 33,012 | 33,075 |
| Excess of revenues over (under) expenditures | 1,275 | (568) | (3,725) | (2,307) |
| Other financing sources (uses) | | | | |
| Proceeds notes payable | 261 | 278 | 296 | - |
| Proceeds capital leases | - | 105 | 3,652 | 455 |
| Proceeds on asset disposal | - | - | - | - |
| Proceeds insurance | - | - | - | - |
| Transfers in | 519 | 1,256 | 903 | 1,766 |
| Transfers out | (612) | (1,308) | (883) | (1,758) |
| Total other financing sources (uses) | 168 | 331 | 3,968 | 463 |
| Net change in fund balances | \$ 1,443 | \$ (237) | \$ 243 | \$ (1,844) |
| Debt service and Capital Outlay as a percentage of noncapital expenditures | 13.4% | 18.4% | 23.0% | 19.5% |

Kootenai County Comprehensive Annual Financial Report - FY 2004

| | | Fiscal Year | | | | | | | | | |
|-----------|---------------|-------------|---------------|-----------|----------------|-----------|---------------|-----------|----------------|-----------|---------------|
| | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | | | | |
| \$ | 18,701 | \$ | 21,651 | \$ | 27,728 | \$ | 27,762 | \$ | 22,926 | \$ | 32,335 |
| | 1,132 | | 1,141 | | 1,144 | | 1,183 | | 1,250 | | 1,323 |
| | 5,980 | | 7,878 | | 8,660 | | 8,935 | | 9,182 | | 10,916 |
| | 6 | | 19 | | 24 | | 627 | | 417 | | 335 |
| | 866 | | 973 | | 989 | | 908 | | 1,026 | | 989 |
| | 5,534 | | 5,821 | | 6,368 | | 7,331 | | 8,297 | | 9,590 |
| | 1,589 | | 1,950 | | 2,360 | | 574 | | 583 | | 935 |
| | 33,808 | | 39,433 | | 47,273 | | 47,320 | | 43,681 | | 56,423 |
| | 17,453 | | 20,077 | | 15,011 | | 16,512 | | 21,338 | | 21,878 |
| | - | | - | | - | | 1,215 | | 602 | | 586 |
| | 11,865 | | 13,154 | | 17,881 | | 18,627 | | 17,058 | | 17,115 |
| | 220 | | 186 | | 216 | | - | | 223 | | 291 |
| | 1,548 | | 1,976 | | 1,921 | | 2,168 | | 2,092 | | 2,609 |
| | 451 | | 506 | | 836 | | 214 | | 773 | | 880 |
| | 70 | | 37 | | 63 | | 130 | | 28 | | 64 |
| | 832 | | 2,123 | | 3,188 | | 1,412 | | 1,580 | | 1,700 |
| | - | | - | | - | | 730 | | 690 | | 588 |
| | 1,659 | | 1,532 | | 1,010 | | 6,594 | | 1,595 | | 943 |
| | 710 | | 3,796 | | 10,513 | | - | | 1,305 | | 2,563 |
| | 34,808 | | 43,387 | | 50,639 | | 47,602 | | 47,284 | | 49,217 |
| | (1,000) | | (3,954) | | (3,366) | | (282) | | (3,603) | | 7,206 |
| | 2,000 | | 9,500 | | - | | - | | - | | - |
| | 445 | | 499 | | 24 | | 969 | | 21 | | 48 |
| | - | | - | | - | | 54 | | 89 | | 224 |
| | - | | - | | - | | 5 | | 5 | | 8 |
| | 1,679 | | 2,625 | | 5,293 | | 5,227 | | 6,524 | | 4,954 |
| | (1,672) | | (2,358) | | (4,758) | | (4,589) | | (7,294) | | (5,666) |
| | 2,452 | | 10,266 | | 559 | | 1,666 | | (655) | | (432) |
| \$ | 1,452 | \$ | 6,312 | \$ | (2,807) | \$ | 1,384 | \$ | (4,258) | \$ | 6,774 |
| | 10.1% | | 20.7% | | 40.9% | | 22.5% | | 12.3% | | 13.3% |

KOOTENAI COUNTY, IDAHO
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| Fiscal Year | Property Tax | Resort Sales Tax | Total |
|-------------------|-----------------|---------------------|-----------|
| 1995 | \$ 16,322 | \$ - | \$ 16,322 |
| 1996 | 16,309 | - | 16,309 |
| 1997 | 16,856 | - | 16,856 |
| 1998 | 17,446 | - | 17,446 |
| 1999 | 18,701 | - | 18,701 |
| 2000 | 21,650 | - | 21,650 |
| 2001 ¹ | 23,622 | 4,105 | 27,727 |
| 2002 | 22,443 | 5,446 | 27,889 |
| 2003 ² | 23,031 | 14 | 23,045 |
| 2004 | 27,675 | 4,664 | 32,339 |

¹ First year of voter approved sales tax ordinance (CAFR 2001)

² Decommissioning of voter approved resort sales tax ordinance subject to State Court orders (CAFR 2002)

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

| Property Tax Year | Assessed Valuation | Exemptions | Net Taxable Value | Valuation Increase | | Tax Rate per \$1,000 Value |
|----------------------|-----------------------|------------------|-------------------------|--------------------|------------|----------------------------------|
| | | | | Amount | Percentage | |
| 2003 | \$ 7,994,404,661 | \$ 1,168,732,560 | \$ 6,825,672,101 | \$ 382,959,959 | 5.94% | 3.98 |
| 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 |

Notes:

- (1) Tax Rate per \$1,000 Value includes the Kootenai EMS levy. The EMS levy is a legally separate taxing district, but is 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 Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

| Tax Year | County | Cities | Highways | Schools | Fire Districts | Water and Sewer Districts | Other Districts |
|----------|-------------|-------------|-------------|-------------|----------------|---------------------------|-----------------|
| 2004 | 0.003482997 | 0.041000599 | 0.003139852 | 0.035959945 | 0.013253901 | 0.004276786 | 0.125660894 |
| 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 |

| Tax Year 2004 | Cities | Highways | Schools | Fire | Water & Sewer | Other |
|-------------------------------|-------------|-------------|-------------|-------------|---------------|-------------|
| Number of taxing districts | 13 | 4 | 6 | 10 | 6 | 11 |
| Average tax rate per district | 0.003153892 | 0.000784963 | 0.005993324 | 0.001325390 | 0.000712798 | 0.011423718 |
| Minimum levy rate | 0.000518079 | 0.000567121 | 0.003361104 | 0.000718619 | 0.000071441 | 0.000164897 |
| Maximum levy rate | 0.006174468 | 0.001186565 | 0.008612055 | 0.002389022 | 0.001692942 | 0.018684715 |

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) 2004 Levies as of 9/30/04.

KOOTENAI COUNTY, IDAHO
Principal Property Taxpayers, Current Year and Nine Years Ago
September 30, 2004

| Taxpayer | 2004 ¹ | | | 1995 | | |
|---|----------------------------------|-----------------------------------|----------------|--------------------------|------|----------------|
| | Percentage of Assessed Valuation | Percentage of Total Assessed Rank | Assessed Value | Total Assessed Valuation | Rank | Value |
| Avista Corporation (formerly Washington Water Power) | \$ 122,385,818 | 1 | 1.79% | \$ - | - | - |
| Rathdrum Power, LLC | 121,579,000 | 2 | 1.78% | - | - | - |
| Verizon Northwest, Inc. (formerly General Telephone) | 96,342,425 | 3 | 1.41% | - | - | - |
| Hagadone Hospitality Co., Duane B. Hagadone, Et al | 68,936,832 | 4 | 1.01% | 62,920,223 | 1 | 1.44% |
| Stephen F. Meyer, Et al, Glacier Partners, Et al ² | 58,092,882 | 5 | 0.85% | 11,448,454 | 9 | 0.26% |
| | - | | - | 7,551,846 | 14 | 0.17% |
| PG & E Gas Transmission NW Corp. | 46,254,648 | 6 | 0.68% | - | - | - |
| Flexcel Inc., Kimball International Mkt Inc. | 33,234,077 | 7 | 0.49% | 28,625,896 | 3 | 0.66% |
| Burlington Northern & Santa Fe RR | 31,748,758 | 8 | 0.47% | - | - | - |
| Stimson Lumber Company | 28,678,323 | 9 | 0.42% | - | - | - |
| Price Development Company LPT | 24,840,337 | 10 | 0.36% | - | - | - |
| The Club at Black Rock LLC, Black Rock Development Inc. | 20,775,647 | 11 | 0.30% | - | - | - |
| Kootenai Cable Inc. | 18,273,484 | 12 | 0.27% | - | - | - |
| Norton Aero LTD | 15,541,195 | 13 | 0.23% | - | - | - |
| Inland Empire Paper | 15,409,256 | 14 | 0.23% | 16,045,549 | 7 | 0.37% |
| Harlan D. Douglass, Etux | 12,304,110 | 15 | 0.18% | - | - | - |
| Idaho Forest Industries | - | | - | 38,147,110 | 2 | 0.87% |
| Silver Lake Mall | - | | - | 24,489,809 | 4 | 0.56% |
| Crown Pacific Inland Lumber, Ltd. | - | | - | 22,618,916 | 5 | 0.52% |
| Louisiana Pacific Corporation | - | | - | 19,583,574 | 6 | 0.45% |
| Arrow Point Development Company | - | | - | 11,630,991 | 8 | 0.27% |
| Isamet of Idaho, Inc. | - | | - | 10,274,955 | 10 | 0.24% |
| Hecla Mining | - | | - | 9,508,508 | 11 | 0.22% |
| Ronald Benderson | - | | - | 8,672,311 | 12 | 0.20% |
| Potlatch Corporation | - | | - | 7,913,025 | 13 | 0.18% |
| Joseph J. Lavin | - | | - | 7,047,288 | 15 | 0.16% |
| Sub Total | 714,396,792 | | 10.47% | 286,478,455 | | 6.57% |
| All Other Taxpayers | 6,111,275,309 | | 89.53% | 4,075,023,724 | | 93.43% |
| Total Assessed Taxable Value | \$ 6,825,672,101 | | 100.00% | \$ 4,361,502,179 | | 100.00% |

Notes:

¹ Based on 2004 s Net Taxable Value as of December 1, 2004

² Stephen F. Meyer, Et al and Glacier Partners, Et al have merged since 1995.

KOOTENAI COUNTY, IDAHO
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year Ended Sept 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Tax Collections to Date | |
|----------------------------------|--|---|-----------------------|---------------------------------------|-------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 1994 | \$ 15,315,235 | \$ 15,229,667 | 99.44% | \$ 14,241 | \$ 15,243,908 | 99.53% |
| 1995 | 15,286,450 | 15,184,926 | 99.34% | 78,182 | 15,263,108 | 99.85% |
| 1996 | 15,702,051 | 15,342,943 | 97.71% | 322,653 | 15,665,596 | 99.77% |
| 1997 | 16,624,913 | 15,840,187 | 95.28% | 738,001 | 16,578,188 | 99.72% |
| 1998 | 17,656,414 | 16,148,066 | 91.46% | 1,434,384 | 17,582,450 | 99.58% |
| 1999 | 20,449,866 | 18,784,468 | 91.86% | 1,567,398 | 20,351,866 | 99.52% |
| 2000 | 22,320,671 | 20,988,738 | 94.03% | 1,241,104 | 22,229,842 | 99.59% |
| 2001 | 20,662,654 | 19,448,102 | 94.12% | 1,071,778 | 20,519,880 | 99.31% |
| 2002 | 20,230,349 | 19,062,164 | 94.23% | 861,436 | 19,923,600 | 98.48% |
| 2003 | 24,961,652 | 23,500,153 | 94.15% | 611,927 | 24,112,080 | 96.60% |

Note:
Tax levy and collection figures include Kootenai EMS.

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 |
|-------------|-------------------|-------------------|-----------------------------|-----------------------|--|---------------------------|----------------|
| 2004 | \$ 8,453,320 | \$ 6,509,565 | \$ 1,941,940 | \$ 4,567,625 | \$ 3,885,695 | \$ 0 ² | 0.00 |
| 2003 | 7,806,161 | 5,062,200 | 1,113,672 | 3,948,528 | 3,857,633 | 865,458 | 4.46 |
| 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 |

Notes:

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

² Solid Waste Refunding Bonds were paid in full in the 2002-2003 fiscal year.

KOOTENAI COUNTY, IDAHO
Schedule Of Direct And Overlapping Debt
September 30, 2004

| Number of Issues | Jurisdiction | Net Debt Outstanding | Earliest Issue Date (Month/Year) | Oldest Maturity Date (Month/Year) | Applicable to Kootenai County | |
|-------------------------------------|---|----------------------|----------------------------------|-----------------------------------|-------------------------------|---------------|
| | | | | | Percentage | Amount |
| Direct Debt: | | | | | | |
| 3 | Kootenai County | \$ 7,902,372 | Dec/96 | May/18 | 100.00% | \$ 7,902,372 |
| | Direct Debt | 7,902,372 | | | 100.00% | 7,902,372 |
| Overlapping Debt: | | | | | | |
| 3 | City of Coeur d Alene | 4,630,000 | Dec/00 | Mar/11 | 100.00% | 4,630,000 |
| 1 | City of Fernan | 50,125 | Jul/79 | Jul/09 | 100.00% | 50,125 |
| 1 | City of Harrison | 60,220 | Jan/77 | Jan/17 | 100.00% | 60,220 |
| 4 | City of Hayden | 1,329,796 | Sep/94 | May/17 | 100.00% | 1,329,796 |
| 9 | City of Post Falls | 10,349,257 | May/89 | Aug/22 | 100.00% | 10,349,257 |
| 2 | City of Rathdrum | 790,968 | Jan/96 | Mar/11 | 100.00% | 790,968 |
| 3 | City of Spirit Lake | 1,035,000 | Jan/93 | Aug/24 | 100.00% | 1,035,000 |
| 1 | Coeur d Alene SD #271 | 10,155,000 | Oct/97 | Jul/13 | 100.00% | 10,155,000 |
| 3 | Lakeland SD #272 | 16,435,000 | Dec/96 | Aug/23 | 100.00% | 16,435,000 |
| 2 | Post Falls SD #273 | 23,770,000 | Dec/02 | Jul/18 | 100.00% | 23,770,000 |
| 2 | Kootenai Joint SD #274 | 2,450,999 | Dec/02 | Dec/13 | 99.39% | 2,436,048 |
| 1 | Kellogg Joint SD #391 | 526,440 | Mar/98 | Mar/18 | 20.01% | 105,341 |
| 1 | Kootenai Consolidated Library | 480,000 | Sep/95 | Aug/06 | 97.19% | 466,512 |
| 1 | Kootenai County Fire & Rescue | 1,310,000 | Sep/00 | Sep/10 | 100.00% | 1,310,000 |
| 1 | Northern Lakes Fire Protection District | 24,000 | Aug/96 | Aug/06 | 100.00% | 24,000 |
| 2 | Bayview Water/Sewer District | 1,940,632 | Nov/03 | Nov/22 | 100.00% | 1,940,632 |
| 1 | Green Ferry Water/Sewer District | 141,593 | Jul/77 | Jun/18 | 100.00% | 141,593 |
| 1 | Cataldo Water District | 24,360 | May/82 | May/12 | 9.74% | 2,373 |
| 3 | Hayden Lake Recreational Sewer District | 305,000 | Mar/94 | Dec/14 | 100.00% | 305,000 |
| 1 | Kidd Island Bay Lots Sewer District | 399,021 | Apr/93 | Apr/12 | 100.00% | 399,021 |
| 1 | Kingston-Cataldo Sewer District | 218,458 | Dec/79 | Dec/19 | 6.90% | 15,074 |
| 1 | Kootenai County Water District #1 | 20,926 | Feb/91 | Feb/11 | 100.00% | 20,926 |
| | Overlapping Debt | 76,446,795 | | | 99.12% | 75,771,885 |
| Total Overlapping & Underlying Debt | | \$ 84,349,167 | | | 99.20% | \$ 83,674,257 |

Notes: All the above districts are individual taxing districts within Kootenai County.

***As of 9/30 balances owed on Administration Building, KCEMSS Building, Public Defender Building, and Jail Expansion.**

**KOOTENAI COUNTY, IDAHO
Legal Debt Margin Information
Last Ten Fiscal Years**

Legal Debt Margin Calculation For Fiscal Year 2004

Assessed Valuations:

| | |
|-------------------------------|----------------------|
| Assessed Value | \$ 6,825,672,101 |
| Add Back Homestead Exemptions | <u>1,168,732,560</u> |

Total Assessed Value **\$ 7,994,404,661**

Legal Debt Margin

Debt Limitation*: 2% of assessed market value \$ 159,88,093

Less: Debt applicable to limitation:

Solid Waste Refunding bonds, Series 1993 (1) -

Legal Debt Margin **\$ 159,888,093**

| Fiscal Year | Debt Limit | Total net debt applicable to limit | Legal debt margin | Total net debt applicable to the limit as a percentage of debt limit |
|-------------|---------------|------------------------------------|-------------------|--|
| 1995 | \$ 81,397,265 | \$ 5,835,000 | \$ 75,562,265 | 7.17% |
| 1996 | 115,215,597 | 5,205,000 | 110,010,597 | 4.52% |
| 1997 | 112,977,223 | 7,555,000 | 105,422,223 | 6.69% |
| 1998 | 121,065,000 | 3,870,000 | 117,195,000 | 3.20% |
| 1999 | 124,897,897 | 3,160,000 | 121,737,897 | 2.53% |
| 2000 | 128,889,331 | 2,425,000 | 126,464,331 | 1.88% |
| 2001 | 134,528,045 | 1,655,000 | 132,873,045 | 1.23% |
| 2002 | 141,124,142 | 845,000 | 140,279,142 | 0.60% |
| 2003 | 151,310,318 | - | 151,310,318 | 0.00% |
| 2004 | 159,888,093 | - | 159,888,093 | 0.00% |

***Idaho Code: 31-1901;50-1019**

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

KOOTENAI COUNTY, IDAHO
Demographic and Economic Statistics
Last Ten Fiscal Years

| Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Unemployment Rate | School Enrollment ^{(a) 1} | Regular High School Diplomas |
|-------------------|------------|---|----------------------------|-------------------|------------------------------------|------------------------------|
| 1995 | 92,677 | \$ 1,785,519 | \$ 19,266 | 8.2% | 17,982 | N/A |
| 1996 | 96,590 | 1,934,833 | 20,031 | 7.9% | 18,507 | 1,008 |
| 1997 | 100,108 | 2,049,308 | 20,471 | 8.4% | 18,922 | 1,059 |
| 1998 | 102,717 | 2,213,204 | 21,547 | 7.8% | 19,071 | 1,098 |
| 1999 | 106,346 | 2,341,299 | 22,016 | 7.9% | 19,550 | 1,134 |
| 2000 | 108,685 | 2,520,710 | 23,014 | 7.5% | 20,022 | 1,153 |
| 2001 | 111,659 | 2,638,522 | 23,615 | 7.8% | 20,315 | 1,238 |
| 2002 | 113,954 | 2,761,150 | 24,164 | 8.2% | 20,351 | 1,156 |
| 2003 | 117,481 | N/A ³ | N/A | 7.1% | 20,667 | 1,192 |
| 2004 ² | 121,797 | N/A | N/A | 6.3% | 21,153 | 1,239 |

Median Age

| | |
|-------------|------|
| 1990 Census | 35.0 |
| 1995 | 35.7 |
| 2000 | 36.1 |
| 2001 | 36.4 |
| 2002 | 36.6 |
| 2003 | 36.8 |

Source for Data (except where noted): Idaho Department of Commerce & Labor

(a) Idaho Department of Education

¹ School enrollment includes data from School District 44 and School District 391 which are joint districts and partially located in Kootenai County.

² Population estimate by Idaho Department of Commerce & Labor.

³ Data is based on income tax information from the Internal Revenue Service and is not currently available.

KOOTENAI COUNTY, IDAHO
Principal Employers, Current Year and Nine Years Ago
September 30, 2004

| Employer | 2004 | | | 1995 | | |
|--|--------------------|------|---------------------------------------|--------------------|------|---------------------------------------|
| | Range of Employees | Rank | Percentage of Total County Employment | Range of Employees | Rank | Percentage of Total County Employment |
| Kootenai Medical Center | 1,500-1,599 | 1 | 2.59-2.76% | 900-999 | 2 | 2.01-2.23% |
| Coeur d Alene School District | 1,200-1,299 | 2 | 2.07-2.24% | 900-999 | 1 | 2.01-2.23% |
| Hagadone Hospitality | 1,100-1199 | 3 | 1.9-2.07% | 900-999 | 3 | 2.01-2.23% |
| North Idaho College | 900-999 | 4 | 1.55-1.73% | 700-799 | 4 | 1.56-1.78% |
| Center Partners | 700-799 | 5 | 1.21-1.38% | - | - | - |
| Kootenai County | 600-699 | 6 | 1.04-1.21% | 500-599 | 5 | 1.11-1.34% |
| Post Falls School District | 600-699 | 7 | 1.04-1.21% | 400-499 | 6 | 0.89-1.11% |
| Coeur d Alene Tribe | 600-699 | 8 | 1.04-1.21% | - | - | - |
| Verizon Northwest | 500-599 | 9 | 0.86-1.03% | - | - | - |
| Lakeland School District | 500-599 | 10 | 0.86-1.03% | 300-399 | 10 | 0.67-0.89% |
| Idaho Forest Industries | - | - | - | 400-499 | 7 | 0.89-1.11% |
| Harpers | - | - | - | 400-499 | 8 | 0.89-1.11% |
| Louisiana Pacific | - | - | - | 400-499 | 9 | 0.89-1.11% |
| Total Average Employment of the Top 10 Employers for the year ¹ 8,773 | | | | 6,172 | | |

Source for Data: Idaho Department of Commerce & Labor

¹ Average number of employees during a 12 month calendar year.

**Kootenai County, Idaho
County Employees by Function
Last Ten Fiscal Years**

| Function | Full-time Equivalent Employees as of September 30 | | | | | | | | | |
|----------------------------|---|------------|--------------|------------|------------|------------|--------------|--------------|--------------|------------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| General Government | 230 | 225 | 236 | 245 | 251.4 | 227.4 | 269.3 | 249.5 | 270.6 | 275.6 |
| Public Safety | | | | | | | | | | |
| Sheriff | 95 | 93 | 94 | 97 | 96 | 96 | 100.9 | 97.9 | 103.9 | 99.9 |
| Jail | 64 | 70 | 72 | 72 | 73.8 | 78.3 | 82.9 | 92.9 | 98.9 | 108.9 |
| Justice | 33 | 44 | 44 | 49 | 52 | 55 | 58.5 | 62.7 | 64.1 | 64.6 |
| Public Health | 38 | 38 | 38 | 38 | 39 | 32 | 32 | 31 | 34.5 | 35.5 |
| Building | 13 | 12 | 12 | 12 | 12 | 12 | 12 | 12.5 | 12.5 | 11 |
| Public Works | | | | | | | | | | |
| Airport | 6 | 6 | 6 | 6 | 6.5 | 6.5 | 6.5 | 7 | 7 | 7 |
| Solid Waste | | | | | | | | | | |
| Transfer Station | 40 | 38 | 36 | 36 | 35.5 | 35.5 | 36.5 | 36.6 | 37 | 39 |
| Noxious Weed Control | 3 | 2 | 2 | 2 | 2.3 | 2.3 | 2 | 3 | 3 | 2 |
| Health & Welfare | | | | | | | | | | |
| County Assistance | 5 | 7 | 7 | 7 | 8 | 8 | 8 | 7 | 7 | 7 |
| Culture & Recreation | | | | | | | | | | |
| Snowmobile | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.5 | 1 | 1 |
| Parks & Recreation | 3 | 2.5 | 3 | 3 | 3 | 3 | 3 | 1 | 2.1 | 3 |
| Waterways | 3 | 2.5 | 2.5 | 3 | 3 | 3.5 | 3.5 | 5 | 5.5 | 3.5 |
| Marine Deputy ¹ | 2 | 2 | 2 | 2 | 1.5 | 1.5 | 2 | 2 | 2 | 2 |
| Total | 535 | 542 | 554.5 | 572 | 584 | 561 | 617.1 | 608.6 | 649.1 | 660 |

Source: Kootenai County Adopted Budget documents

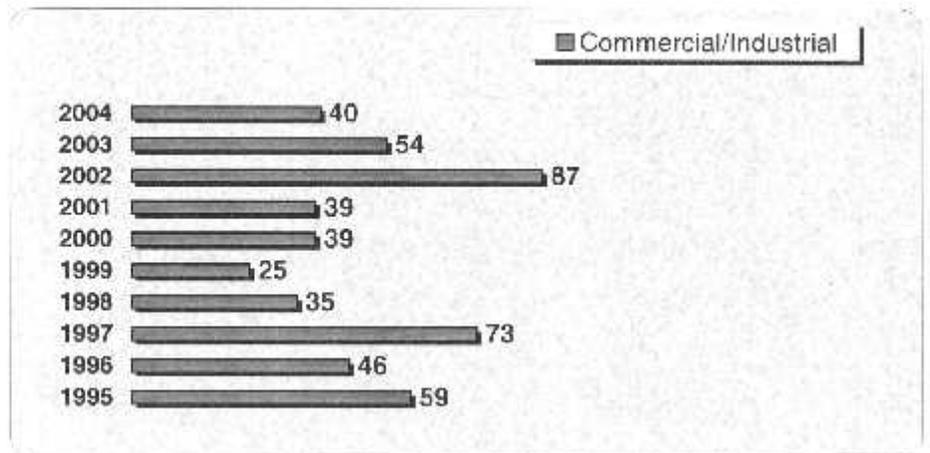
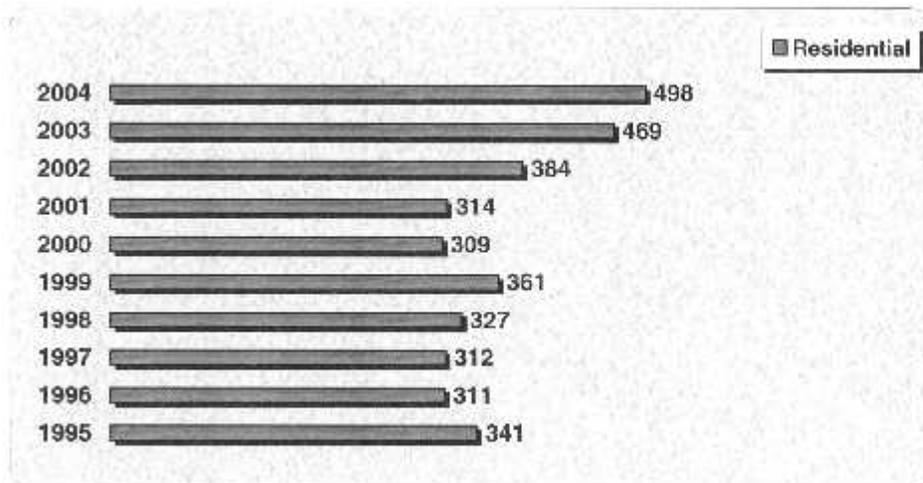
¹ Temporary Seasonal Deputies total approximately 8-10 per year.

KOOTENAI COUNTY, IDAHO
 Schedule of Foregone Amounts
 as of the 2003 Tax Year

| District | Foregone Amount |
|-------------------------------|-----------------|
| Kootenai County | \$ 847,717 |
| City of Athol | 3,545 |
| City of Coeur d Alene | 1,003,096 |
| City of Dalton Gardens | 67 |
| City of Fernan Lake | 2,316 |
| City of Hayden | 492 |
| City of Huetter | 492 |
| City of Post Falls | 429,254 |
| KCEMSS | 316 |
| East Side Fire | 11,117 |
| Mica Kidd Island Fire | 9,268 |
| St. Manes Fire | 846 |
| Timberlake Fire | 12,901 |
| Flood Control #17 | 6,567 |
| Post Falls Highway #1 | 386,537 |
| Lakes Highway #2 | 513,033 |
| Worley Highway #4 | 633 |
| North Idaho College | 3,579,953 |
| Kootenai Consolidated Library | 118,499 |
| Cleland Bay Sewer | 578 |
| Hayden Lake Rec Water/Sewer | 5,184 |
| Kidd Island Bay Sewer | 8,008 |
| Kingston Cataldo Sewer | 7 |

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

| Year | Residential | | Commercial/Industrial | |
|------|-------------|----------------|-----------------------|--------------|
| | Permits | Value | Permits | Value |
| 2004 | 498 | \$ 114,339,369 | 40 | \$ 7,251,883 |
| 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 |



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

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

(dollars in millions)

| Institution Type | Number of Branches | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 |
|------------------------------|-----------------------|-----------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (1) Data as of June 30th | | | | | | | | | | | |
| Commercial Banks | 39 | \$ 1,271 | \$ 1,002 | \$ 923 | \$ 880 | \$ 847 | \$ 802 | \$ 696 | \$ 728 | \$ 738 | \$ 722 |
| FDIC Savings Banks | 4 | 142 | 127 | 106 | 69 | 60 | 47 | 82 | 57 | 41 | 27 |
| (2) Data as of December 31st | | | | | | | | | | | |
| Credit Unions | 1 | 10 | 23 | 22 | 23 | 20 | 21 | 20 | 16 | 15 | 15 |
| Total | 44 | \$ 1,436 | \$ 1,151 | \$ 1,052 | \$ 969 | \$ 928 | \$ 869 | \$ 794 | \$ 800 | \$ 794 | \$ 764 |

(1) Source: Federal Deposit Insurance Corporation

(2) Source: Idaho Credit Union League



A Division of Kootenai County

SINGLE AUDIT SECTION

Coeur d Alene Airport (COE) is one of the finest general aviation airports in the United States. Located on over 1,100 acres, COE is dedicated to providing you with the best airport facilities possible.



Aircraft Rescue Firefighting (ARFF) vehicle funded by a FAA grant improves airport safety.

Whether you are flying a Piper Cub or a Gulf Stream V, pilots are attracted to the Coeur d Alene Airport for its excellent services and low airport fees. COE offers a full ILS approach and has an on-site weather observation system, which provides up-to-the-minute weather reports. Our Airport practices state-of-the-art snow removal techniques and is a certified weather alternate for Spokane International Airport. The Coeur d Alene Airport is absolutely the best access into this world-class Resort area.



A Division of Kootenai County

AUDITORS' SECTION



"Moose Along Cassidy"
Artist: Kay O'Rourke



"Espresso To Go"
Artist: Virginia Carter

These are a couple of the moose from the 2004 Excell Foundation fund-raising campaign to support public schools.



A Division of Kootenai County

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, 2004, and have issued our report thereon dated December 16, 2004. 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.



Spokane, Washington
December 16, 2004

**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**

Board of County Commissioners
Kootenai County
Coeur d Alene, Idaho

Compliance

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, 2004. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs. 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, 2004.

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 16, 2004

KOOTENAI COUNTY, IDAHO

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2004**

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:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| 20.106 | Airport Improvement Program |
| 11.300 | Department of Commerce Rural Community 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, 2004**

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, 2004**

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

AUDITEES' SECTION



As we remember our soldiers and their families during this time of war.



A Division of Kootenai County



A Division of Kootenai County

Kootenai County Comprehensive Annual Financial Report - FY 2004

State of Idaho KOOTENAI COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of September 30, 2004

| Federal Grantor/Pass Through Grantor/ Program Title | Federal CFDA Number | Identifying Number | Pass-Through Award amount | 2003-2004 expenditures |
|---|---------------------------|---|---------------------------------|---------------------------|
| U. S. DEPARTMENT of AGRICULTURE | | | | |
| Passed through Idaho State Superintendent of Public Instruction: | | | | |
| School Breakfast - Lunch Program | 10.553 | RC-28-03 | variable | \$ 45,723.99 |
| Passed thru Idaho Department of Lands | | | | |
| Wildland Urban Interface Community & Rural Fire Assistance | 10.664 | NFPG 01-I-12-CP | 3,098,385.00 | 746,670.87 |
| | | | | <u>792,394.86</u> |
| U. S. DEPARTMENT of INTERIOR | | | | |
| Passed through Idaho Bureau of Land Management | | | | |
| Wildland Urban Interface Community & Rural Fire Assistance | 15.228 | DAA010411 | 285,000.00 | 50,625.27 |
| Passed through Idaho State Parks & Recreation | | | | |
| Land & Water conservation Fund Grant | 15.916 | GW5-1-28-3;GW5-1-28-2 41-03-BG-1; GW4-1-28-1 GW4-1-28-2 | 440,052.80 | 244,415.77 |
| Passed through Idaho State Historical Society | | | | |
| Plesantview School Restoration Project | 15.912 | | 4,000.00 | 4,000.00 |
| | | | | <u>299,041.04</u> |
| ENVIRONMENTAL PROTECTION AGENCY | | | | |
| Direct Programs: | | | | |
| EPA Financial Assistance Grant Agreement Coeur d Alene Basin | | | | |
| | 66.802 | V-97052401-1 | 50,000.00 | 31,932.04 |
| | | | | <u>31,932.04</u> |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Direct Programs: | | | | |
| Community Policing and Public Safety Grants | 16.710 | 2002-UMWX-0160 | 150,000.00 | 47,526.75 |
| Juvenile Drug Court | 16.585 | 2002-LB-BX-0048 | 498,500.00 | 131,885.63 |
| Ballistic Vest Program | 16.607 | | 2,473.32 | 2,473.32 |
| LLEBG FY03 | 15.592 | 2003-LB-BX-0119 | 21,815.00 | 21,923.50 |
| Passed through Idaho Department of Juvenile Corrections: | | | | |
| Substance Abuse Project | 16.540 | 03-SA11-01 | 24,700.00 | 9,240.00 |
| Mentor Project | 16.540 | 03-JJ11-02 | 18,581.00 | 17,713.56 |
| JAIBG | 16.523 | 01-JA11-04;02-JA11-04 | 406,807.00 | 287,979.94 |
| Passed through Idaho Department of Health and Welfare: | | | | |
| Domestic Violence Grant | 16.576 | KC159400/KC189700 | 37,500.00 | 11,444.93 |
| Passed through Idaho State Police | | | | |
| STOP Violence Against Women | 16.588 | 02-STOP-11-PR-2/03ST1K00PR | 157,796.00 | 74,594.08 |
| KC Adult Drug Court | 16.579 | 03-BYRN-02-DC-1/04-BY-02-PA-1K-00-2 | 73,271.00 | 21,617.67 |
| Passed through Idaho Office of Highway Safety | | | | |
| KC Enhanced Misdemeanor DUI Probation officer Program | 16.579 | SD4J804 | 78,875.00 | 36,390.34 |
| | | | | <u>662,789.72</u> |
| U.S. DEPARTMENT OF COMMERCE | | | | |
| Passed through Idaho State Dept of Commerce | | | | |
| Rural Community Block Grant - Airport Infrastructure | 11.300 | RCBG-04-I-03-ED;RCBG 05-I-2 | 1,000,000.00 | 973,750.00 |
| | | | | <u>973,750.00</u> |

continued

Kootenai County Comprehensive Annual Financial Report - FY 2004

| Federal Grantor/Pass Through Grantor/ Program Title | Federal CFDA Number | Identifying Number | Pass-Through Award amount | 2003-2004 expenditures |
|--|---------------------------|-----------------------------------|---------------------------------|---------------------------|
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| Direct Programs: | | | | |
| Airport Improvement Program | 20.106 | Major Program | various | 1,238,621.15 |
| FTA Section 5307 Small Urbanized Area Grant | 20.507 | ID-90-X060 | 291,107.00 | 254,352.33 |
| Passed through State Department of Parks and Recreation: | | | | |
| Boating Safety Financial Assistance | 20.005 | 42-03-28-1 | 55,449.00 | 52,677.00 |
| | | | | 1,545,650.48 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | |
| Passed through State of Idaho Military Division: | | | | |
| Hazard Mitigation Grant | 97.039 | EMS-2002-GR-4010 | 45,000.00 | 35,000.00 |
| CEMPG | 97.042 | EMS-2004-GR-0002 | 45,453.06 | 45,453.06 |
| Homeland Security - Equipment | 97.004 | SHSGPE/SHSG9-II (1) | 63,925.00 | 49,723.56 |
| Homeland Security - Exercise Personnel Grant | 97.004 | SHSGPEX-11 | 100,000.00 | 44,977.86 |
| Citizens Corp | 97.053 | EMS-2003-GR-4049/2004-GE-T4-0034 | 57,562.00 | 5,375.02 |
| Community Emergency Respones Team (CERT) | 97.054 | EMS-2003-GR-4049/EMS-2003-GR-4081 | 40,783.28 | 33,431.41 |
| All Hazard Emergency Operating Planning (EOP) | 97.051 | EMS-2003-GR-4048 | 80,850.00 | 34,130.16 |
| Flood Mitigation | 97.029 | EMS-2004-PC-0018 | 63,594.00 | 19,434.00 |
| | | | | 267,525.07 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | \$ 4,573,083.21 |

(1) Homeland Security Grant Program - Equipment Award is a pass through from the State of Idaho Military Division. Grant Award Part 1 was for \$253,333; Part II 477,608. Total Award \$730,941. Only 63,925 was budgeted for Kootenai County entities the remain

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2004

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, 2004**

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, 2004**

Findings from the Year Ended September 30, 2003

No matters were reported.

KOOTENAI COUNTY, IDAHO

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2004**

Findings from the Year Ended September 30, 2002, and Prior

All matters have been resolved.