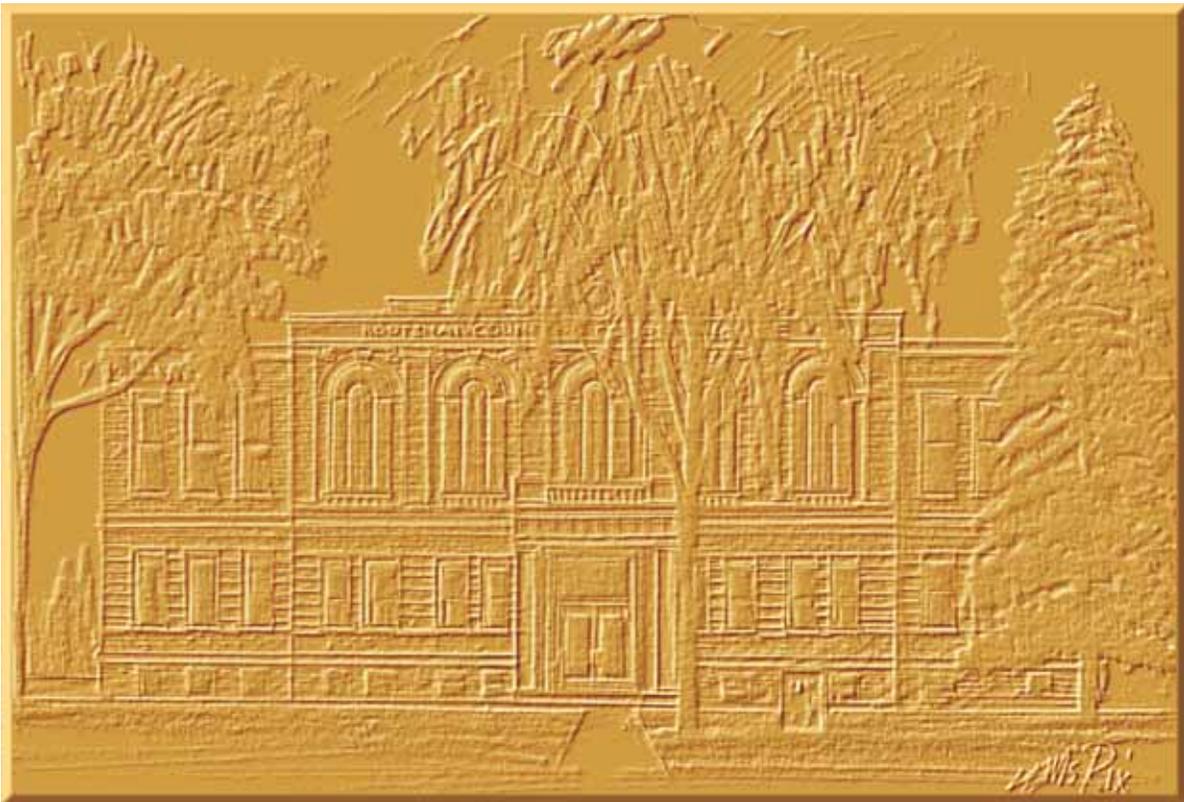


# KOOTENAI COUNTY, IDAHO



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended September 30, 2006  
Daniel J. English ~ Auditor



# KOOTENAI COUNTY, IDAHO

## Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2006

Daniel J. English  
County Auditor

Prepared by the Office of the County Auditor

# KOOTENAI COUNTY, IDAHO

## Office of the County Auditor

**David R. McDowell, CPA**  
Finance Director

**Sandy Martinson**  
Chief Deputy Clerk

### ACKNOWLEDGMENTS:

#### **Staff Accountants**

Daniel Duffey  
Celia Peterson  
Willeen Corey  
Kim Stevenson

#### **Accounting Staff**

Judy Poole  
Sandi Strobel  
Sharon LaFountain  
Sandra Black  
Norma Blanchette  
Amber Drechsel  
Vinita Buchanan  
Jessica Dalka

*A special thank you to Ron Harbison, Commercial Artist in the Kootenai County Reprographics Department for his work in producing this report.*

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# Introductory Section

Spring run-off through Post Falls Dam in April 2007.



*Photo by: Daniel Duffey*



*Photo by: Kim Stevenson*

# 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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Ronald J. Blum".

President

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

Executive Director

**DAN ENGLISH**

CLERK OF THE  
DISTRICT COURT

AUDITOR

RECORDER

**OFFICE OF THE  
KOOTENAI COUNTY CLERK**

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



January 19, 2007

To the Honorable Board of County Commissioners and Citizens of Kootenai County,

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) to you for the fiscal year ended September 30, 2006. This report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and includes recommendations from the Government Finance Officers Association. The purpose of the report is to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the County. Management assumes full responsibility for the completeness and reliability of the information contained in the report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of Kootenai County's financial activities have been included.

Idaho state statute requires an annual audit by an independent audit firm. The accounting firm of LeMaster & Daniels, PLLC was selected to perform the audit with the approval of the Board of County Commissioners. LeMaster & Daniels, PLLC has issued an unqualified opinion on Kootenai County's financial statements; their report can be found on page 9 following the Financial Section of this report.

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, requires that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A is located on page 13 in the Financial Section. The Single Audit Section includes reports on compliance and internal controls from our independent auditor in compliance with the *Federal Single Audit Act of 1984* and the U.S. Office of Management and Budget (OMB) *Circular A-133, Audits of State, Local Governments, and Non-Profit Institutions* and can be found on pages 137-144.

This CAFR includes information on 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.

**PROFILE OF THE GOVERNMENT**

Kootenai County was established on December 22, 1864 by the Second Territorial Legislature of the Idaho Territory. A trading post below Lake Pend Oreille named Seneaqueuten was the designated county seat. The county seat was relocated to Rathdrum in 1881 and finally settled in its current location in Coeur d'Alene in 1908. Kootenai County is named after the Kootenai Indian tribe whose name means "water people".

Kootenai County is located in northern Idaho, an area known as the Panhandle. The County is 1,310 square miles and has a population of approximately 133,000. 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 196,800 and 62,900 respectively. Kootenai County is adjacent to the Panhandle National Forest and contains several beautiful lakes covering 70.6 square miles, including the twenty-five mile long Lake Coeur d'Alene.

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.

The three-member Board of County Commissioners is required to adopt a final budget following public hearing in September of each year. Kootenai County's budget serves as the foundation for its financial planning and tax collection. Budgetary controls are integrated with the financial system to ensure expenditures comply with appropriations. 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.

## **ECONOMIC CONDITION**

### ***Local economy***

Kootenai County is home to many interesting places including Silverwood Theme Park, Farragut State Park on Lake Pend Oreille, the Coeur d'Alene Resort, and the Cataldo Mission, Idaho's oldest building. These attractions, recreation, and tourism are important elements of the local economy. Other important industries include health care, professional services, light manufacturing, construction, education, trades, and government. Major employers include Kootenai Medical Center, Center Partners, Hagadone Hospitality Corporation, North Idaho College, Coeur d'Alene Tribe, Kootenai County, and the three largest school districts in the county. 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's Credit Card Call Center.

The population and economy of Kootenai County has settled into a consistent growth pattern over the last decade and a half, with 4.2% population increase occurring in 2006, which is on top of similar increases in the prior two years. The regional economic picture continues to look strong with forecasts indicating continuing growth and low unemployment. Projections indicate that Idaho in general will continue to grow at a pace greater than the national averages with North Idaho continuing to lead the advance.

Kootenai County remains in sound financial condition at the conclusion of fiscal year 2006 as it continues to focus on the needs accompanying a growing community. The County's justice system has experienced the most significant increases historically and continues to be a primary concern as the county moves forward. Unfortunately, the Local Option Sales Tax initiative failed to obtain the super-majority required for passage in November 2005, and as a result the planned expansion of the jail facility has been put on hold indefinitely.

### ***Major Initiatives***

The major accomplishments and events of the County during 2006 included continued facilities improvement. Several goals were met during fiscal year 2006. These include:

1. The most significant financial occurrence during the fiscal year was the completion of the local option sales tax collection which allowed the county to retire the jail expansion debt in November 2005, thirteen months earlier than the initial estimate of December 2006.
2. Additionally, the continued development and improvement of the airport facilities on the north side of the airport. Most notably the north parallel taxiway was completed which will expand the development opportunities adjacent to the existing Empire Airlines project.
3. A significant amount of staffing was added during the year to address the needs created by the growing population. Over 28 new positions were created with a significant number of those positions being added to the justice system and production departments.

***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 2008. These include:

1. Ongoing evaluation of the compensation system for the County to assure that competitive compensation rates are in place in an effort to reduce turnover and the 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.
3. The replacement reserve which was established at the end of fiscal year 2005 will continue to be funded each year to assure that adequate funds are set aside for the ongoing upkeep of existing county facilities in future years.
4. Continued planning and development of north side and other parts of the airport to accommodate additional economic development and growth.
5. Development of a second transfer location near the city of Post Falls, and continuing long-range planning and development of the existing landfill location to maximize the potential life of the existing site.

***Cash Management & Investment***

Cash temporarily idle during the year was invested in time certificates of deposit or in the Idaho State Investment Pool. Interest revenue of \$2,635,745 was recognized in fiscal year 2006; reported on page 31 in the Government-Wide Statement of Activities. Of this amount, \$1,160,468 was deposited to the Solid Waste Fund. The balance was deposited to the funds from which investment principal was drawn, primarily the General Fund.

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.

***Long-Term Financial Planning***

As of September 30, 2006, the Solid Waste operation continues to be debt free. We anticipate that all future development of landfill and collection facilities will be funded to the greatest extent possible 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 the local option tax was reinstated and collections resumed in April, 2004. As a result of the successful measure, just a single year of the debt service has been paid from regular county operating revenues, and the obligation was extinguished during the current fiscal year.

The County is contingently liable for the debt of its component units. Currently both the North Idaho Fair & Rodeo and the Kootenai County Emergency Medical Services System are debt free; therefore no contingent obligation exists at this time.

***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) in connection with the provision of group health insurance benefits for the employees and their dependants. The reserve is held for the purpose of covering incurred but unreported plan costs.

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.

**AWARDS & ACKNOWLEDGMENTS**

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, 2005. 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, the governmental unit must publish a CAFR that is well organized and easy to read, whose contents conform to program standards, 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 twelve consecutive years (fiscal years 1994-2005). I believe our current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to the GFOA. I would also like to acknowledge the individuals involved in the preparation of the report and jointly responsible for the County receiving the award: David McDowell, Finance Director, and Daniel Duffey, Celia Peterson, Willeen Corey, and Kim Stevenson, Accountants.



Daniel J. English

Kootenai County Auditor



Steve J. "Gus" Johnson  
Commissioner District #1



Rick Currie  
Commissioner District #2



Katie Brodie  
Commissioner District #3



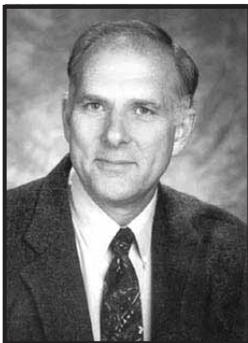
Daniel J. English  
County Clerk



Tom Malzahn  
County Treasurer



Mike McDowell  
County Assessor



Rocky Watson  
County Sheriff



Bill Douglas  
County Prosecutor



Dr. Robert West  
County Coroner

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

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

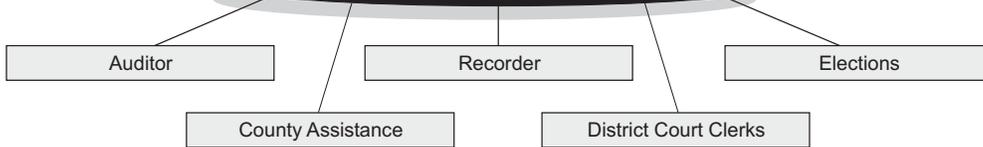
# KOOTENAI COUNTY, IDAHO ORGANIZATIONAL CHART January 2007

## VOTERS

### BOARD OF COUNTY COMMISSIONERS



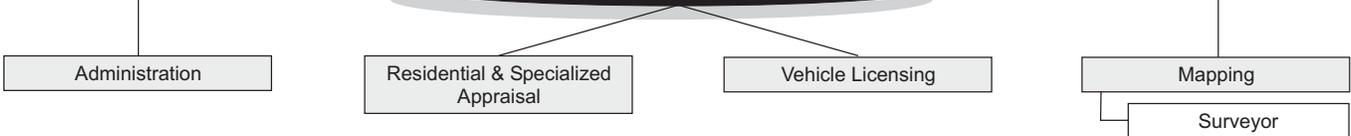
### CLERK



### 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

# Financial Section

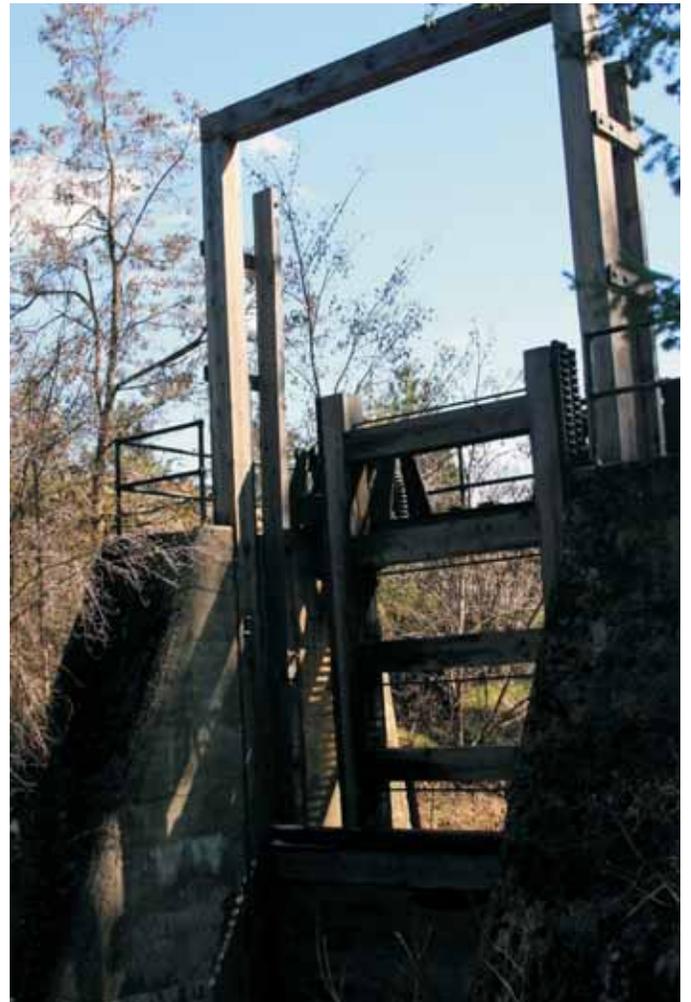


*Photo by: Kim Stevenson*

Water diverted through the headgate powered the regions first commercial lumber mill, a shingle mill, and North Idaho's largest flour mill.

Headgate at Falls Park, Post Falls, Idaho:  
Built in 1904

Made of fir, the headgate has a cogged track and gear wheel that allowed it to be raised and lowered to control the flow of water in the 34 mile long irrigation canal known as the Corbin Ditch.



*Photo by: Daniel Duffey*



LE MASTER &  
DANIELS PLLC

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

## INDEPENDENT AUDITORS' REPORT

ACCOUNTING

AND

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

CONSULTING

SERVICES

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, 2006, and the business-type activities of the County as of and for the years ended September 30, 2006 and 2005, 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, 2005, and Kootenai County Emergency Medical Services System as of and for the year ended September 30, 2006 - 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.

MEMBER OF

McGLADREY

NETWORK

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 reports of the other auditors provide a reasonable basis for our opinion.

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, 2006, 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, 2006 and 2005, 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 and Required Supplementary Budgetary Comparison Information on pages 13 through 25 and pages 65 through 71, respectively, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 procedures applied in our audits 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 15, 2006, 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 audits 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.



Spokane, Washington  
December 15, 2006

# Management's Discussion and Analysis

Scenic Lake Pend Oreille in northeastern Kootenai County.



*Photo by: Kim Stevenson*

This lake has a maximum depth of 1,200 feet and an average depth of 525 feet making it the 3rd deepest lake in North America when ranked by average depth.

**KOOTENAI COUNTY**  
**Management's Discussion And Analysis**  
**For the Year Ended September 30, 2006**  
**(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, 2006. 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 2006 are as follows:

At the end of the current year, the County's governmental activities reported a combined ending net asset balance of \$70,903 thousand. Of this amount, \$18,788 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 \$17,510 thousand, which represents a 26.5 % increase from the prior year and represents 45.3 % of total General Fund expenditures. The increase in unreserved fund balance is primarily explained by significant unanticipated revenues received near year end.

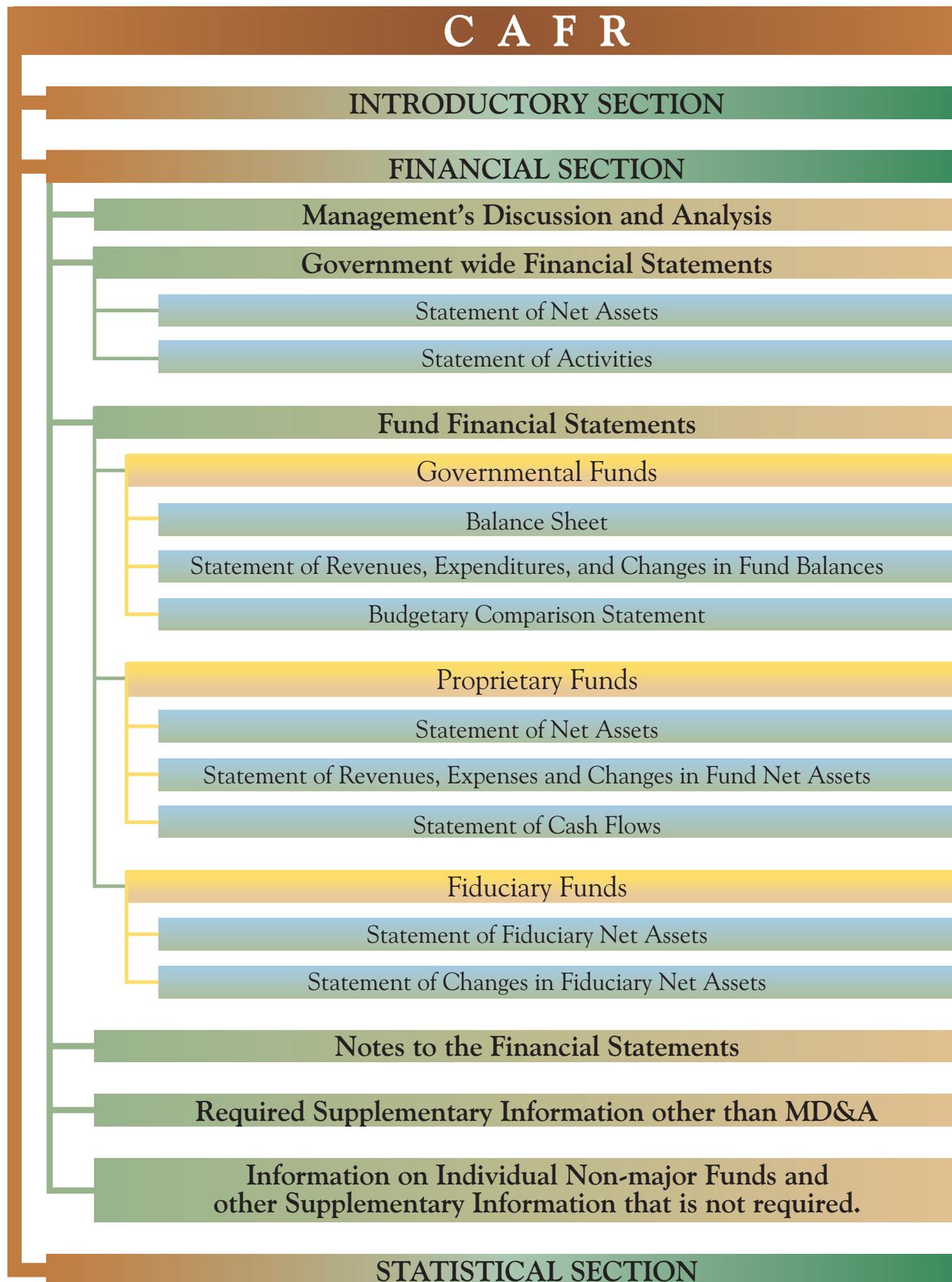
Capital lease debt for the General Fund decreased by \$671 thousand (48.9 %) during the current fiscal year primarily due to scheduled principal payments and extinguishing capital lease debt.

### **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 following discussion and analysis are intended to serve as an introduction to the County's basic financial statements.

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. These various elements of the Comprehensive Annual Financial Report (CAFR) are related as shown in the graphic that follows.

Organization of Kootenai County's Comprehensive Annual Financial Report as illustrated:



The following figure summarizes the major features of the financial statements. This overview section below also describes the structure and contents of each of the statements in more detail.

	Government-wide Statement	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
<b>Scope</b>	Entire entity (except fiduciary funds)	The day-to day operating activities of the County for basic governmental services	The day-to day operating activities of the County for business-type enterprises	Instances when the County administers resources on behalf of others, such as employee benefits
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus; except agency funds do not have measurement focus
<b>Type of asset and liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; capital assets and long-term liabilities	All assets and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for other and all liabilities
<b>Type of inflow and outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues when cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-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.
- ◆ **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, Liability 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 two types of proprietary funds. 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. The Internal Service Fund, Health Insurance, accounts for self insured services and is presented as governmental-type activities on the government-wide financial statements.

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

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

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

Government-wide Financial Analysis

Table 1 summarizes the Kootenai County's net assets for 2005 and 2006:

	Kootenai County's Net Assets (amounts in 000)						
	Governmental Activities		Business-type Activities		Total		Total % Change
	2005	2006	2005	2006	2005	2006	2005-2006
Current and other assets	\$ 60,812	\$ 60,684	\$ 19,977	\$ 24,830	\$ 80,789	\$ 85,514	5.8%
Capital assets	44,378	47,513	14,120	13,046	58,498	60,559	3.5%
Total assets	105,190	108,197	34,097	37,876	139,287	146,073	4.9%
Long-term debt outstanding	10,153	4,804	158	156	10,311	4,960	-51.9%
Other liabilities	30,917	32,489	4,061	4,708	34,978	37,197	6.3%
Total liabilities	41,070	37,293	4,219	4,864	45,289	42,157	-6.9%
Net assets							
Invested in capital assets, net of related debt	35,833	44,717	3,350	3,134	39,183	47,851	22.1%
Restricted	13,407	7,398	3,707	15,955	17,114	23,353	36.5%
Unrestricted	14,879	18,788	22,821	13,924	37,700	32,712	-13.2%
<b>Total net assets</b>	<b>\$ 64,119</b>	<b>\$ 70,903</b>	<b>\$ 29,878</b>	<b>\$ 33,013</b>	<b>\$ 93,997</b>	<b>\$ 103,916</b>	<b>10.6%</b>

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 \$28,211 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 this case, the Primary Government's assets exceeded liabilities by \$103,916 thousand (\$70,903 thousand in governmental activities and \$33,013 in business activities) as of September 30, 2006. By far, the largest portion of the County's net assets \$47,851 thousand 46.0 % 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 Kootenai County's Primary Government's net assets, \$23,353 thousand or 22.5 % represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, \$32,712 thousand 31.5 % 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 2006

Table 2, shows the changes in net assets for 2005 and 2006:

	Changes in Kootenai County's Net Assets as of September 30, 2005 and 2006 (amounts in 000)						
	Governmental Activities		Business-type Activities		Total		Percentage Change
	2005	2006	2005	2006	2005	2006	2005-2006
Revenues							
Program revenues							
Charges for services	\$ 20,247	\$ 22,679	\$ 9,034	\$ 9,801	\$ 29,281	\$ 32,480	10.9%
Federal grants	3,615	4,996	-	-	3,615	4,996	38.2%
State grants	2,483	1,842	-	-	2,483	1,842	-25.8%
General revenues							
Property taxes	28,540	26,922	-	-	28,540	26,922	-5.7%
Sales taxes	10,119	1,878	-	-	10,119	1,878	-81.4%
Other	1,722	2,513	657	1,231	2,379	3,744	57.4%
Total revenues	66,726	60,830	9,691	11,032	76,417	71,862	-6.0%
Expenses							
General government	22,099	24,302	-	-	22,099	24,302	10.0%
Public works	2,015	2,246	-	-	2,015	2,246	11.5%
Public safety	21,565	23,289	-	-	21,565	23,289	8.0%
Sanitation weed control	333	538	-	-	333	538	38.1%
Health and welfare	2,940	2,912	-	-	2,940	2,912	-1.0%
Culture and recreation	967	1,100	-	-	967	1,100	13.8%
Capital projects	73	9	-	-	73	9	-87.7%
Interest on long term debt	518	169	-	-	518	169	-67.4%
Solid waste	-	-	5,898	7,378	5,898	7,378	25.1%
Total expenses	50,510	54,565	5,898	7,378	56,408	61,943	9.8%
Excess before special items and transfers	16,216	6,265	3,793	3,654	20,009	9,919	-50.4%
Gain on sale of assets	-	-	76	(1)	76	(1)	-101.3%
Transfers In (out)	519	519	(519)	(519)	-	-	0.0%
<b>Increase (decrease) net assets</b>	<b>\$ 16,735</b>	<b>\$ 6,784</b>	<b>\$ 3,350</b>	<b>\$ 3,134</b>	<b>\$ 20,085</b>	<b>\$ 9,918</b>	<b>-50.6%</b>

## Governmental Activities

Charges for services program revenues increased overall by \$2,432 thousand, or 12.0 % for the current year. This was one of the two largest sources of program revenue for the County, accounting for \$22,679 thousand or 37.3 % 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 \$6,838 thousand or 11.2 % of total governmental revenues. The major recipients of intergovernmental program revenues were the Airport and Justice Services.

Property tax revenues in the governmental funds account for \$26,922 thousand of the \$61,349 thousand total revenues for governmental activities, or 43.9 % of total revenues, and the general fund property tax revenues decreased by \$1,618 thousand, or (5.7 %). For the current year, resort sales tax revenue of \$1,878 thousand contributed 3.1 % of the total revenues for governmental activities.

The Sheriff's Jail program accounted for \$6,999 thousand of the \$54,565 thousand total expenses for governmental activities, or 12.8 % of total expenses. The next largest program was Sheriff's Patrol, accounting for \$4,386 thousand and representing 8.0 % of total governmental expenses.

The change in net revenue reflects to a significant degree the changes in the Local Option Sales tax which decreased \$8,241 thousand and a budgeted decrease in the property tax revenues of \$1,618 thousand. Even after these significant changes in the revenue stream the operations generated a net increase in net assets of \$9,918 thousand for the fiscal year.

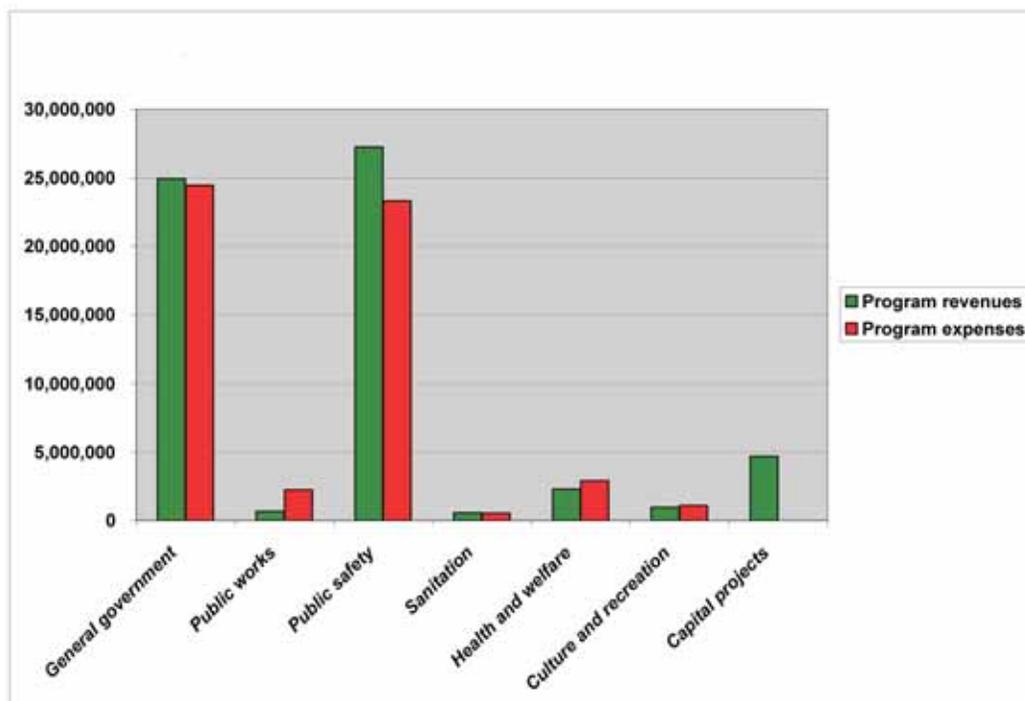
Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies 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, 2005 and 2006  
(amounts in 000)

	Total Cost of Services		Percentage Change	Net Cost of Service		Percentage Change
	2005	2006	2005-2006	2005	2006	2005-2006
General government	\$ 22,099	\$ 24,302	10.0%	\$ 9,719	\$ 10,457	7.6%
Public works	2,015	2,246	11.5%	1,954	2,187	11.9%
Public safety	21,565	23,289	8.0%	12,535	12,902	2.9%
Sanitation (Weed control)	333	538	61.6%	286	276	-3.5%
Health and welfare	2,940	2,912	-1.0%	2,939	2,912	-0.9%
Culture and recreation	967	1,100	13.8%	358	532	48.6%
Capital projects	73	9	-87.7%	(4,145)	(4,387)	5.8%
Other	518	169	-67.4%	519	169	-67.4%
<b>Total</b>	<b>\$ 50,510</b>	<b>\$ 54,565</b>	<b>8.0%</b>	<b>\$ 24,165</b>	<b>\$ 25,048</b>	<b>3.7%</b>

The general governments total net cost of services increased by \$883 thousand, or 3.7 % compared to the prior year, and these governmental expenses are provided by funding from property taxes, sales taxes, and intergovernmental revenues. Also, charges for services and operating grants program revenues of \$24,521 thousand (44.9 % of the total costs of services) are used to fund the general government expenses of the County. (See table 3 above.)

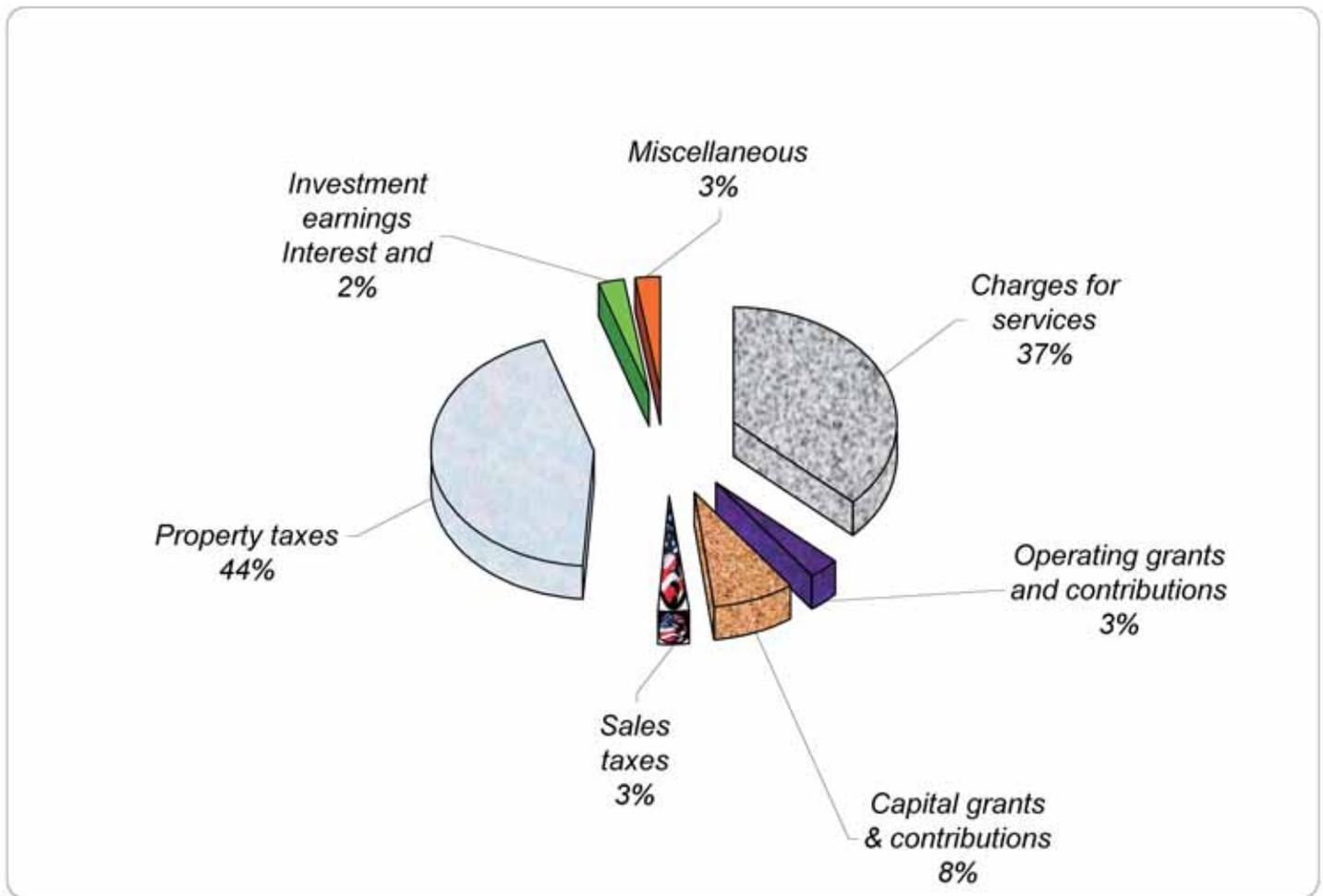
Figure 1: Program Revenues and Expenses - Governmental Activities



The capital projects operating and capital grants increased in the current year by \$178 thousand; these contributions are used to fund the on-going general government capital expenditures of \$6,727 thousand, or 11.4 percent of the total for governmental activities. (See figure 1 and 1A)

As of September 30, 2006, the one of the County's major governmental funds, Resort Sales Tax, contributed a reserved fund balance of \$4,038 thousand (15.5 %) to the combined ending fund balance within the total governmental funds. The Resort Sales Tax Fund accounts for the proceeds and collection of specific sales tax revenue sources primarily for Property Tax Relief; these revenue sources are committed and restricted for that purpose. The County sales tax program revenue decreased by \$8,241 thousand as compared to the prior year and reflects the closure of the local option sales tax collection as of October 31, 2005.

**Figure 1A: Revenues by Source-Government Activities**



**Business-Type Activities**

The net assets for business-type activities increased by \$3,134 thousand during 2006, accounting for a 31.6 % of the overall change in Net Assets of the primary government. For the current year, business-type major program revenue source was charges for service of: \$9,801 thousand. (See figure 2)

Figure 2: Program Revenues and Expenses - Business-type Activities

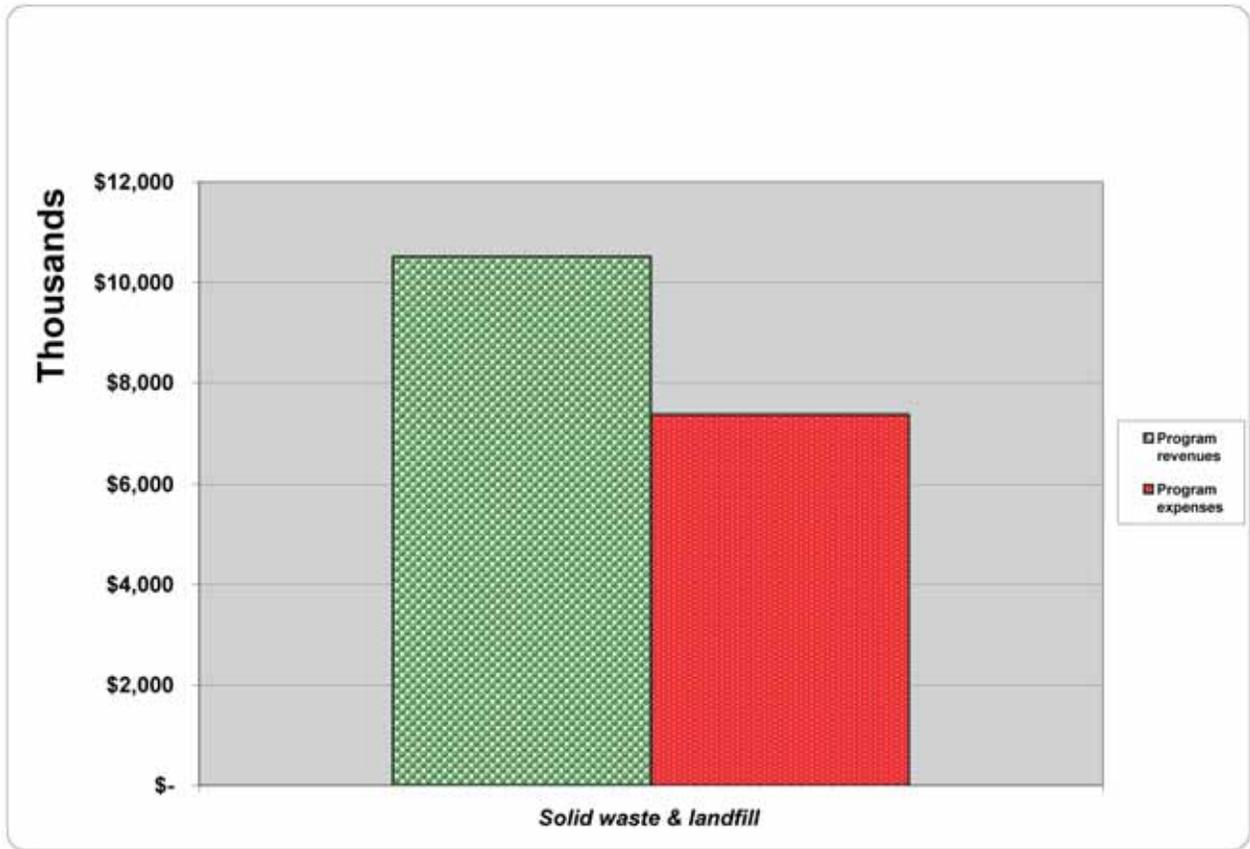
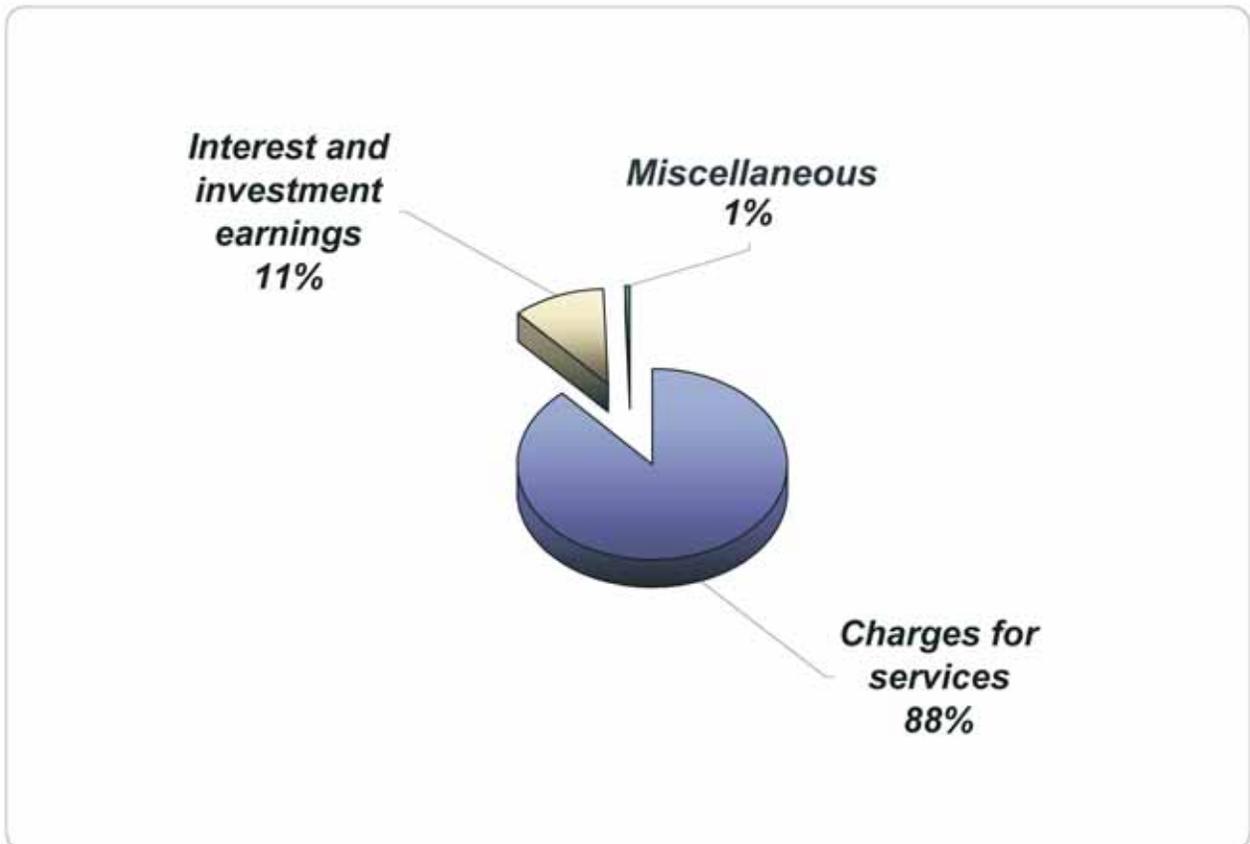


Figure 3: Revenues by Source - Business-type Activities



The accumulated net assets of the Business-Type Activities - Solid Waste Enterprise Fund will provide the funding necessary for planned capital projects. The fiscal year 2007 projects include a new transfer station with a capital development cost of \$11,600 thousand and is planned to be built near the City of Post Falls, Idaho. The following year the landfill will open a new cell for operations at an estimated cost of \$5,269 thousand and capital equipment replacement and upgrades totaling \$2,396 thousand. The use of these resources will eliminate the need for any future capital financing costs for these planned capital activities. (See figure 3 on page 21)

## 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, 2006, the County's governmental funds reported a combined ending fund balance of \$26,186 thousand, a decrease of \$2,100 thousand in comparison with the prior year (refer to pages 32 & 34). Approximately 71.8 % of this total, \$18,788 thousand, constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of the fund balance, \$7,398 thousand, approximately 28.2 %, is reserved to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

The General Fund is the primary operating fund of the County. At the end of 2006, unreserved fund balance was \$17,510 thousand, while total fund balance was \$20,825 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 governmental activity expenditures of \$54,565 thousand. Unreserved fund balance represents 32.1 % of total General Fund expenditures, while total fund balance represents 38.2 percent of that same amount.

The County's General Fund balance has increased by \$5,326 thousand during fiscal year 2006. 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, 2006, were \$13,923 thousand. Unrestricted net assets decreased by \$8,898 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 \$2,194 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, 2006, amounts to \$60,559 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 3.5 % (combined net total of 7.1 % increase in governmental activities and a 7.6 % decrease in business type activities).

Table: 4

	Kootenai County's Capital Assets (net of depreciation, in thousands of dollars)						Total Percentage Change 2005-2006
	Governmental Activities		Business-type Activities		Total		
	2005	2006	2005	2006	2005	2006	
Land	\$ 4,072	\$ 4,115	\$ 1,275	\$ 1,275	\$ 5,347	\$ 5,390	0.8%
Buildings	23,703	22,719	366	338	24,069	23,057	-4.2%
Improvements other than Buildings	10,165	8,881	10,716	9,627	20,881	18,508	-11.4%
Machinery and Equipment	3,353	4,157	1,691	1,806	5,044	5,963	18.2%
Construction in Progress	3,085	7,641	72	0	3,157	7,641	142.0%
<b>Total</b>	<b>\$ 44,378</b>	<b>\$ 47,513</b>	<b>\$ 14,120</b>	<b>\$ 13,046</b>	<b>\$ 58,498</b>	<b>\$ 60,559</b>	<b>3.5%</b>

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

- ◆ The engineers completed the Airport Layout Plan with a final cost of \$30 thousand, and current fiscal year expenditures totaled \$8 thousand.
- ◆ Current fiscal year expenditures for on going improvements to the infrastructure at the Airport are \$4,403 thousand: \$277 thousand for the improvement project at the north end of the airport funded with residual 2004 grant dollars to stimulate the expansion of commercial growth, adjacent to the Empire Airlines project; \$2,364 thousand for Phase II of the parallel taxiway project providing increased utilization of the primary runway for charter and general aviation business jet activities; and \$1,762 thousand for Phase I of the north-side aircraft apron in anticipation of a north-side aircraft terminal.
- ◆ The current year expenditures for homeland security grant equipment includes \$62 thousand for a truck and emergency management mobile command center, \$252 thousand for 911 communication equipment, and \$67 thousand for court security x-ray units.
- ◆ Costs incurred by the Waterways Department for ongoing improvement projects including docks, gangways, and piers for general public use totaled \$187 thousand.
- ◆ The Sheriffs Department purchased eighteen patrol vehicles, including radios, radar units, and light bars; with expenditures totaling \$514 thousand.
- ◆ The Enterprise Fund replaced equipment and vehicles, in the amount of \$562 thousand. The most significant items being \$228 thousand for improvement of the waste processing equipment at the Ramsey Transfer Station.
- ◆ The Solid Waste Department continued with the next phase of the east cell of the landfill expansion plan which was initiated in 2004 for Fighting Creek Landfill, current year costs total \$199 thousand.

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

## Kootenai County Comprehensive Annual Financial Report - FY 2006

**Long-Term Debt** - At September 30, 2006, the County had total general obligation debt outstanding of \$1,360 thousand. The County's long-term debt decreased by \$5,550 thousand or 80.3 percent during fiscal year 2006, explained in a large part by the retirement of the Jail Facility Tax Revenue Note.

	Kootenai County's Outstanding Debt (amounts in 000)		
	Governmental Activities		Total Percentage Change
	2005	2006	2005-2006
Equipment leases	\$ 441	\$ 258	-41.5%
Facility leases	1,548	1,102	-28.8%
Jail Facility Tax Revenue Note	4,921	-	-100.0%
<b>Total</b>	<b>\$ 6,910</b>	<b>\$ 1,360</b>	<b>-80.3%</b>

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 (Leases) and Note 7 (General Long-Term Obligations) to the financial statements.

### ECONOMIC FACTORS

Kootenai County is continuing along the substantial growth path that has been in place and picking up momentum over the last couple of years. Under current projections and trends activity will continue to slow down over the coming year, but will still continue to expand, especially in the commercial sector.

Population growth has been significant; the county has increased to over 133,000 per July 2006 estimates, an increase of 4.2% over the prior year. Housing starts have returned to a more normal pace and the average sales price for residential property has risen to over \$224,000 which is 10.9% higher than this point last year. Similarly this is reflected in the overall assessed value for residential real estate in the county which has eclipsed thirteen billion in total assessed value which represents an 18.6% increase over the previous year.

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 continues to be very attractive to local employers and prospective businesses. In this fiscal year the employment market has taken advantage of the skilled labor force, as several new businesses have moved into the area. Our unemployment rate has reached a virtual full-employment level with the unemployment rate at an extremely low rate of 3.3% compared to the 3.8% rate at the same time last year.

Investment earnings improved dramatically over the last year as the federal rates continued to increase over 2006, which will positively influence the county's investment earnings. This year the State Legislature is focusing on Urban Renewal Districts (URDs), which provide tax increment funding for identified economically challenged areas within cities. Historically the underlying taxing districts (including Kootenai County) have been provided new growth property tax funding on URD values, the proposed legislation would take that funding away. There has not been any significant change in legislation at this time that would adversely impact local governments taxing authority, however, this possibility always exists. These factors have been considered in preparation of the County's 2007 budget.

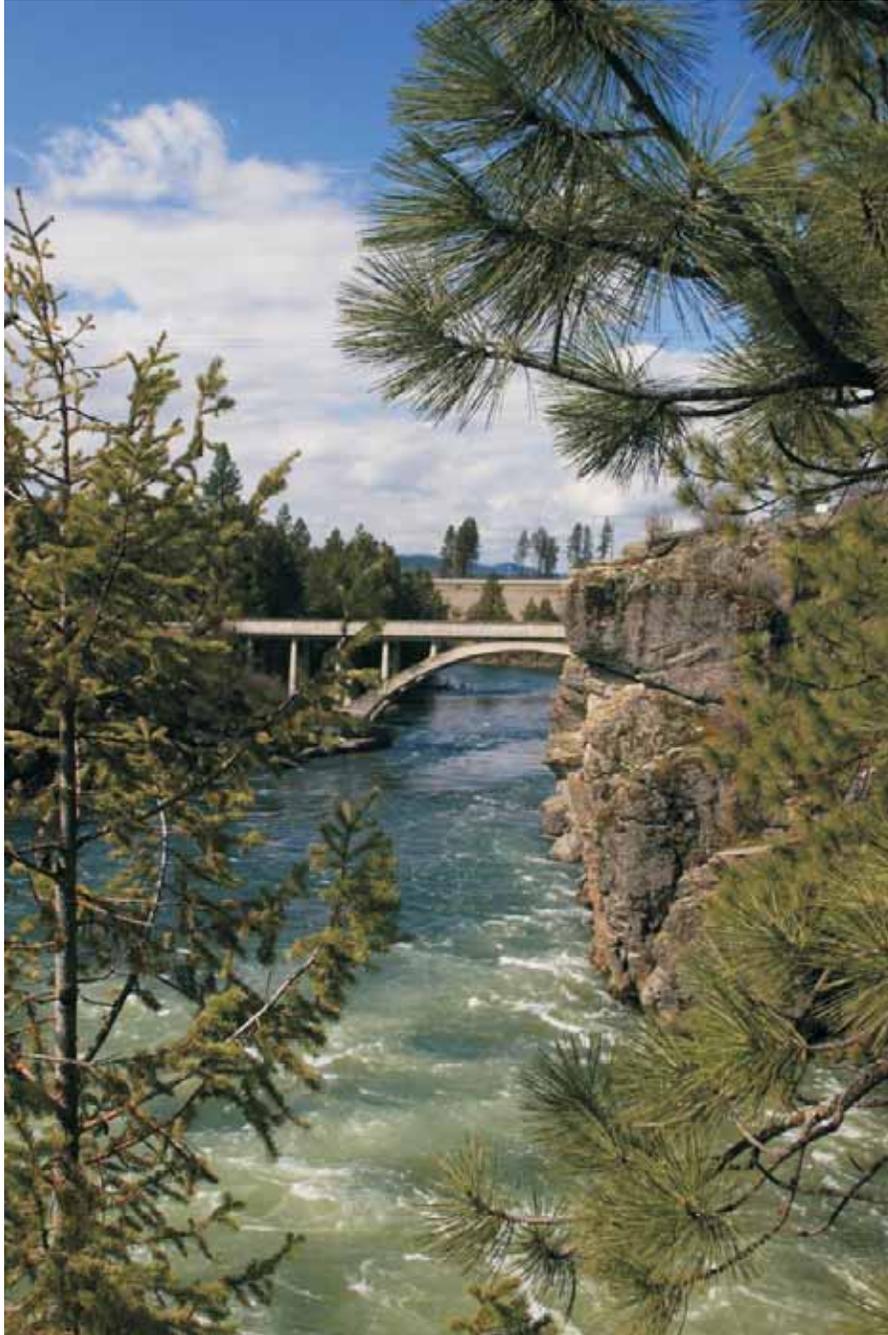
## REQUEST FOR INFORMATION

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

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

# Basic Financial Statements

Water rushes by the picturesque rock walled canyon below the dam and falls in Post Falls.



*Photo by: Daniel Duffey*

KOOTENAI COUNTY, IDAHO  
Statement of Net Assets  
September 30, 2006

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Fair & Rodeo Dec. 31, 2005	North Idaho KCEMSS Sept. 30, 2006
<b>ASSETS</b>					
Cash in bank and investments	\$ 26,560,129	\$ 19,183,089	\$ 45,743,218	\$ 392,679	\$ 1,410,478
Taxes current	28,210,905	-	28,210,905	-	-
Taxes delinquent-receivable	1,292,401	185,850	1,478,251	-	-
Accounts receivable, (net)	2,159,633	1,101,210	3,260,843	1,628	1,174,335
Interest receivable	14,751	14,996	29,747	-	-
Grants receivable	2,389,880	-	2,389,880	-	-
Inventories and prepaid expenses	55,977	-	55,977	-	11,422
Restricted assets:					
Cash held for closure and postclosure	-	4,345,000	4,345,000	-	-
Capital Assets:					
Land	4,114,968	1,275,290	5,390,258	-	-
Depreciable assets, (net)	35,685,478	11,770,928	47,456,406	1,535,414	975,290
Non-Depreciable other assets	71,503	-	71,503	-	68,500
Construction in progress	7,641,256	-	7,641,256	25,000	-
<b>Total Assets</b>	<b>\$ 108,196,881</b>	<b>\$ 37,876,363</b>	<b>\$ 146,073,244</b>	<b>\$ 1,954,721</b>	<b>\$ 3,640,025</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 4,006,327	\$ 303,758	\$ 4,310,085	\$ 1,051	\$ 33,550
Interest payable	9,348	-	9,348	-	-
Deferred property tax revenues	28,210,905	-	28,210,905	-	-
Other accrued liabilities	-	33,522	33,522	14,747	8,284
Unearned revenue	263,004	-	263,004	-	-
Long-term liabilities:					
Due within one year	774,717	5,524	780,241	-	-
Due in more than one year	4,029,138	175,767	4,204,905	-	-
Landfill closure liability	-	4,345,000	4,345,000	-	-
<b>Total Liabilities</b>	<b>37,293,439</b>	<b>4,863,571</b>	<b>42,157,010</b>	<b>15,798</b>	<b>41,834</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	44,717,208	3,134,358	47,851,566	1,560,414	975,290
Restricted for:					
Property tax relief	4,037,833	-	4,037,833	-	-
Sheriff Snowmobile	44,956	-	44,956	-	-
Juvenile justice services	277,586	-	277,586	-	-
Court interlock	27,324	-	27,324	-	-
Capital purchases	1,614,644	-	1,614,644	-	-
Replacement reserve	462,000	-	462,000	-	-
Capital appropriations carryover	933,350	11,610,000	12,543,350	-	-
Landfill closure	-	4,345,000	4,345,000	-	-
Unrestricted :					
Governmental type activities	18,788,541	-	18,788,541	-	-
Business type activities	-	13,923,434	13,923,434	378,509	2,622,901
<b>Total Net Assets</b>	<b>70,903,442</b>	<b>33,012,792</b>	<b>103,916,234</b>	<b>1,938,923</b>	<b>3,598,191</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 108,196,881</b>	<b>\$ 37,876,363</b>	<b>\$ 146,073,244</b>	<b>\$ 1,954,721</b>	<b>\$ 3,640,025</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Statement of Activities**  
**For the Year Ended September 30, 2006**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 24,301,817	\$ 12,246,518	\$ 702,996	\$ 895,300
Public works	2,246,034	59,460	-	-
Public safety	23,289,168	9,896,720	435,347	55,273
Sanitation	537,740	423	261,412	-
Health and welfare	2,911,893	-	-	-
Culture and recreation	1,100,092	475,660	91,478	728
Capital projects	9,273	-	351,253	4,044,698
Interest on long-term debt	169,155	-	-	-
<b>Total governmental activities</b>	<b>54,565,172</b>	<b>22,678,781</b>	<b>1,842,486</b>	<b>4,995,999</b>
Business-type activities:				
Solid waste and landfill	7,377,401	9,801,280	-	-
Total business-type activities	7,377,401	9,801,280	-	-
<b>Total primary government</b>	<b>\$ 61,942,573</b>	<b>\$ 32,480,061</b>	<b>\$ 1,842,486</b>	<b>\$ 4,995,999</b>
<b>Component units:</b>				
County fair	\$ 783,146	\$ 423,177	-	-
KCEMSS	3,609,915	2,655,150	-	-
<b>Total component units</b>	<b>\$ 4,393,061</b>	<b>\$ 3,078,327</b>	<b>-</b>	<b>-</b>

**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 statements are an integral part of this statement.

Kootenai County Comprehensive Annual Financial Report - FY 2006

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Business-Type Activities	Total	Component Units	
			North Idaho Fair & Rodeo	KCEMSS
\$ (10,457,003)	\$ -	\$ (10,457,003)	-	-
(2,186,574)	-	(2,186,574)	-	-
(12,901,828)	-	(12,901,828)	-	-
(275,905)	-	(275,905)	-	-
(2,911,893)	-	(2,911,893)	-	-
(532,226)	-	(532,226)	-	-
4,386,678	-	4,386,678	-	-
(169,155)	-	(169,155)	-	-
(25,047,906)	-	(25,047,906)	-	-
-	2,423,879	2,423,879	-	-
-	2,423,879	2,423,879	-	-
<b>(25,047,906)</b>	<b>2,423,879</b>	<b>(22,624,027)</b>	-	-
			\$ (359,969)	\$ -
			-	(954,765)
			<b>(359,969)</b>	<b>(954,765)</b>
26,922,327	-	26,922,327	100,000	1,487,009
1,878,433	-	1,878,433	-	-
1,036,816	70,361	1,107,177	330,682	102,148
1,475,277	1,160,468	2,635,745	7,876	82,232
-	(1,234)	(1,234)	-	(34,978)
519,116	(519,116)	-	-	-
31,831,969	710,479	32,542,448	438,558	1,636,411
6,784,063	3,134,358	9,918,421	78,589	681,646
64,119,379	29,878,434	93,997,813	1,860,334	2,916,545
<b>\$ 70,903,442</b>	<b>\$ 33,012,792</b>	<b>\$ 103,916,234</b>	<b>\$ 1,938,923</b>	<b>\$ 3,598,191</b>

**KOOTENAI COUNTY, IDAHO**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2006**

	General Fund	Resort Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash in bank and investments	\$ 18,612,523	\$ 4,047,541	\$ 2,968,828	\$ 25,628,892
Taxes delinquent-receivable	972,987	-	319,414	1,292,401
Accounts receivable, (net)	2,127,828	-	31,805	2,159,633
Interest receivable	14,648	-	103	14,751
Grants receivable	202,320	-	2,187,560	2,389,880
Leases receivable	83,265	-	-	83,265
Prepays	53,597	-	2,380	55,977
Internal balances	1,564,050	-	(1,564,050)	-
<b>Total Assets</b>	<b>\$ 23,631,218</b>	<b>\$ 4,047,541</b>	<b>\$ 3,946,040</b>	<b>\$ 31,624,799</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,429,242	\$ -	\$ 2,025,011	\$ 3,454,253
Deferred revenues	437,015	-	35,892	472,907
Deferred property taxes	877,856	-	287,280	1,165,136
Unearned revenue	62,054	-	200,950	263,004
Leases payable-long term	-	-	83,265	83,265
<b>Total Liabilities</b>	<b>2,806,167</b>	<b>-</b>	<b>2,632,398</b>	<b>5,438,565</b>
<b>Fund Balances:</b>				
Reserved for:				
Juvenile justice services	277,586	-	-	277,586
Court interlock	27,324	-	-	27,324
Capital purchases	1,614,644	-	-	1,614,644
Replacement reserve	462,000	-	-	462,000
Sheriff snowmobile	-	-	44,956	44,956
Property tax relief	-	4,037,833	-	4,037,833
Capital appropriations carryover	933,350	-	-	933,350
Unreserved:				
General Fund	17,510,147	-	-	17,510,147
Special Revenue Funds	-	9,708	1,495,018	1,504,726
Capital Projects Funds (deficit)	-	-	(226,332)	(226,332)
<b>Total Fund Balances</b>	<b>20,825,051</b>	<b>4,047,541</b>	<b>1,313,642</b>	<b>26,186,234</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,631,218</b>	<b>\$ 4,047,541</b>	<b>\$ 3,946,040</b>	<b>\$ 31,624,799</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**September 30, 2006**

Total governmental fund balances (page 32)	\$	26,186,234
Amounts reported for governmental activities in the statement of net assets (page 29) 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:		47,513,205
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Property Taxes	1,165,136	
Licenses and permits	21,000	
Intergovernmental	416,015	
Fines and forfeitures	26,128	
Charges for services	9,764	
Total		1,638,043
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(9,348)
Internal service funds are used by management to charge the cost of certain activities, such as health insurance cost, to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		379,163
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	(1,360,677)	
Compensated Absences	(3,443,178)	
Total		(4,803,855)
<b>Total Net Assets of Governmental Activities as shown on the Statement of Net Assets:</b>	<b>\$</b>	<b><u>70,903,442</u></b>

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

Kootenai County Comprehensive Annual Financial Report - FY 2006

**KOOTENAI COUNTY, IDAHO**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2006**

	General Fund	Resort Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 19,914,627	\$ 1,878,433	\$ 6,993,436	\$ 28,786,496
Licenses and permits	1,242,083	-	133,805	1,375,888
Intergovernmental	8,372,895	-	6,046,875	14,419,770
Interest	1,292,256	149,149	33,872	1,475,277
Fines and forfeitures	249,619	-	807,513	1,057,132
Charges for services	7,503,011	-	744,144	8,247,155
Miscellaneous	413,991	-	622,825	1,036,816
<b>Total Revenues</b>	<b>38,988,482</b>	<b>2,027,582</b>	<b>15,382,470</b>	<b>56,398,534</b>
<b>Expenditures</b>				
Current:				
General government	15,284,303	22,326	6,103,759	21,410,388
Public works	-	-	642,272	642,272
Public safety	20,413,981	-	-	20,413,981
Sanitation	-	-	489,756	489,756
Health & welfare	423,398	-	2,241,592	2,664,990
Culture and recreation	7,132	-	906,651	913,783
Capital projects	-	-	9,273	9,273
Debt Service:				
Principal retirement	670,884	4,921,651	-	5,592,535
Interest expense	75,304	79,964	4,539	159,807
Capital Outlay:				
Capital expenditures	1,780,903	-	265,747	2,046,650
Construction in progress	-	-	4,680,835	4,680,835
<b>Total Expenditures</b>	<b>38,655,905</b>	<b>5,023,941</b>	<b>15,344,424</b>	<b>59,024,270</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>332,577</b>	<b>(2,996,359)</b>	<b>38,046</b>	<b>(2,625,736)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds insurance	6,554	-	-	6,554
Transfers In	10,993,441	217,219	222,526	11,433,186
Transfers (out)	(6,006,638)	(4,877,393)	(30,039)	(10,914,070)
<b>Total Other Financing Sources (Uses)</b>	<b>4,993,357</b>	<b>(4,660,174)</b>	<b>192,487</b>	<b>525,670</b>
<b>Net Change in Fund Balances</b>	<b>5,325,934</b>	<b>(7,656,533)</b>	<b>230,533</b>	<b>(2,100,066)</b>
<b>Fund Balances Beginning of Year</b>	<b>15,499,117</b>	<b>11,704,074</b>	<b>1,083,109</b>	<b>28,286,300</b>
<b>Fund Balances End of Year</b>	<b>\$ 20,825,051</b>	<b>\$ 4,047,541</b>	<b>\$ 1,313,642</b>	<b>\$ 26,186,234</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2006**

Net change in fund balances - total governmental funds (page 34)	\$	(2,100,066)
Amounts reported for governmental activities in the statement of activities (pages 30 and 31) 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.		14,264
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. ( \$6,727,485- 3,558,272)		3,169,213
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 repayments exceeded proceeds.		5,592,535
Insurance proceeds provide current financial resources to governmental funds. This is the amount by which insurance proceeds exceeded repayments.		(6,554)
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.		(210,258)
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		324,929
<b>Total Change in Net Assets of Governmental Activities as shown on the Statement of Activities</b>	<b>\$</b>	<b>6,784,063</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2006**

	Business-type activity		Governmental-type activity	
	Solid Waste	Enterprise Fund	Health Insurance	Internal Service Fund
	2006	2005	2006	2005
<b>Assets</b>				
Current Assets:				
Cash and cash equivalents	\$ 19,183,089	\$ 14,755,318	\$ 931,237	\$ 343,478
Taxes delinquent-receivable	185,850	165,354	-	-
Accounts receivable, (net)	1,101,210	1,341,562	-	4,495
Interest receivable	14,996	8,014	-	-
Total Current Assets	<u>20,485,145</u>	<u>16,270,248</u>	<u>931,237</u>	<u>347,973</u>
Noncurrent Assets:				
Restricted Assets:				
Cash held for closure and post closure	4,345,000	3,707,000	-	-
Capital Assets:				
Land	1,275,290	1,275,290	-	-
Depreciable capital assets, (net)	11,770,928	12,772,400	-	-
Construction in progress	-	72,368	-	-
Total Noncurrent Assets	<u>17,391,218</u>	<u>17,827,058</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 37,876,363</u></b>	<b><u>\$ 34,097,306</u></b>	<b><u>\$ 931,237</u></b>	<b><u>\$ 347,973</u></b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	\$ 303,758	\$ 266,504	\$ 239,461	\$ 293,739
Accrued payroll	-	69,601	-	-
Payable accruals	33,522	-	312,613	-
Total Current Liabilities	<u>337,280</u>	<u>336,105</u>	<u>552,074</u>	<u>293,739</u>
Long-Term Liabilities:				
Due within one year	5,524	17,347	-	-
Due in more than one year	175,767	158,420	-	-
Landfill closure liability	4,345,000	3,707,000	-	-
Total Long-Term Liabilities	<u>4,526,291</u>	<u>3,882,767</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>4,863,571</u>	<u>4,218,872</u>	<u>552,074</u>	<u>293,739</u>
<b>Net Assets</b>				
Invested in capital assets (deficit), net of related debt	3,134,358	3,350,057	-	-
Restricted for:				
Landfill closure	4,345,000	3,707,000	-	-
Capital appropriations carryover	11,610,000	-	-	-
Unrestricted	13,923,434	22,821,377	379,163	54,234
<b>Total Net Assets</b>	<u>33,012,792</u>	<u>29,878,434</u>	<u>379,163</u>	<u>54,234</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 37,876,363</u></b>	<b><u>\$ 34,097,306</u></b>	<b><u>\$ 931,237</u></b>	<b><u>\$ 347,973</u></b>

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**  
**Proprietary Funds**  
**For the Year Ended September 30, 2006**

	Business-type activity		Governmental-type activity	
	Solid Waste	Enterprise Fund	Health Insurance	Internal Service Fund
	2006	2005	2006	2005
<b>Operating Revenues</b>				
Charges for services	\$ 9,801,280	\$ 9,033,574	\$ 4,339,967	\$ 4,028,780
Miscellaneous	70,361	68,557	-	-
<b>Total Operating Revenues</b>	<b>9,871,641</b>	<b>9,102,131</b>	<b>4,339,967</b>	<b>4,028,780</b>
<b>Operating Expenses</b>				
Personal services	2,056,664	1,864,011	11,188	12,693
Professional services	1,732,921	1,520,584	4,079,904	3,662,007
Utilities	88,696	89,406	-	-
Materials and supplies	678,632	576,523	-	-
Maintenance and repairs	296,278	168,024	-	-
Other services and expenses	125,716	100,591	1,300	-
Depreciation and amortization	1,760,494	1,810,097	-	-
Landfill closure and post closure expense (note 9)	638,000	(231,000)	-	-
<b>Total Operating Expenses</b>	<b>7,377,401</b>	<b>5,898,236</b>	<b>4,092,392</b>	<b>3,674,700</b>
<b>Operating Income</b>	<b>2,494,240</b>	<b>3,203,895</b>	<b>247,575</b>	<b>354,080</b>
<b>Non-Operating Revenues (Expenses)</b>				
Intergovernmental revenues	-	-	77,354	98,444
Interest and investment revenue	1,160,468	587,232	-	-
Miscellaneous revenue	-	1,524	-	-
Gain (loss) on sale of assets	(1,234)	76,522	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,159,234</b>	<b>665,278</b>	<b>77,354</b>	<b>98,444</b>
<b>Income before Contributions and Transfers</b>	<b>3,653,474</b>	<b>3,869,173</b>	<b>324,929</b>	<b>452,524</b>
Transfers In	885,116	576,471	-	-
Transfers (out)	(1,404,232)	(1,095,587)	-	-
<b>Change in Net Assets</b>	<b>3,134,358</b>	<b>3,350,057</b>	<b>324,929</b>	<b>452,524</b>
<b>Net Assets Beginning of Year (deficit)</b>	<b>29,878,434</b>	<b>26,528,377</b>	<b>54,234</b>	<b>(398,290)</b>
<b>Net Assets End of Year</b>	<b>\$ 33,012,792</b>	<b>\$ 29,878,434</b>	<b>\$ 379,163</b>	<b>\$ 54,234</b>

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

KOOTENAI COUNTY, IDAHO

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended September 30, 2006 (with comparative totals for 2005)

	Business-type Activities - Enterprise Fund Solid Waste		Governmental Activities Internal Service Fund Health Insurance	
	2006	2005	2006	2005
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 10,021,136	\$ 9,058,443	\$ 4,344,462	\$ 4,030,455
Other cash receipts	70,361	68,557	-	-
Cash payments to employees	(2,087,219)	(1,849,759)	(11,188)	(38,782)
Cash payments for goods and services	(2,884,989)	(2,378,392)	(3,822,869)	(3,921,795)
Internal activity - payments from other funds	(6,982)	(1,087)	-	-
<b>Net cash provided by operating activities</b>	<b>5,112,307</b>	<b>4,897,762</b>	<b>510,405</b>	<b>69,878</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intergovernmental revenues	-	-	77,354	98,444
Transfers out	(519,116)	(519,116)	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(519,116)</b>	<b>(519,116)</b>	<b>77,354</b>	<b>98,444</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for capital acquisitions	(687,888)	(1,142,064)	-	-
Insurance proceeds	-	1,524	-	-
Proceeds from sale of capital assets	-	77,250	-	-
<b>Net cash used by capital and related financing activities</b>	<b>(687,888)</b>	<b>(1,063,290)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>				
Interest on investments	1,160,468	587,232	-	-
<b>Net cash provided by investing activities</b>	<b>1,160,468</b>	<b>587,232</b>	<b>-</b>	<b>-</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>5,065,771</b>	<b>3,902,588</b>	<b>587,759</b>	<b>168,322</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>18,462,318</b>	<b>14,559,730</b>	<b>343,478</b>	<b>175,156</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 23,528,089</b>	<b>\$ 18,462,318</b>	<b>\$ 931,237</b>	<b>\$ 343,478</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income	\$ 2,494,240	\$ 3,203,895	\$ 247,575	\$ 354,080
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>				
Depreciation	1,760,494	1,810,097	-	-
Loss on disposal of asset	-	728	-	-
<i>(Increase) Decrease in Assets:</i>				
Accounts receivable	219,856	24,869	4,495	1,675
Interest receivable	(6,982)	(1,087)	-	-
<i>Increase (Decrease) in Liabilities:</i>				
Accounts payable	37,254	76,008	(54,278)	(259,788)
Accrued payroll	(69,601)	14,292	-	(26,089)
Payable accruals	33,522	-	312,613	-
Compensated absences payable	5,524	(40)	-	-
Landfill closure/postclosure liability	638,000	(231,000)	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 5,112,307</b>	<b>\$ 4,897,762</b>	<b>\$ 510,405</b>	<b>\$ 69,878</b>

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, 2006

	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash in bank and investments	\$ 6,596,351	\$ 1,913,116
Receivables:		
Taxes delinquent	37,095	3,891,541
Accounts receivable, (net)	3,138	741,043
<b>Total Assets</b>	<b>6,636,584</b>	<b>\$ 6,545,700</b>
<b>Liabilities</b>		
Accounts payable	170,908	\$ -
Deferred compensation payable	1,923,081	-
Deferred property taxes	140,017	-
Due in more than one year	12,620	-
Due to other governments	-	3,022,975
Due to other individuals	-	3,144
Due to other taxing districts	-	3,519,581
<b>Total Liabilities</b>	<b>2,246,626</b>	<b>\$ 6,545,700</b>
<b>Net Assets</b>		
<b>Held in trust for other purposes</b>	<b>\$ 4,389,958</b>	

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

KOOTENAI COUNTY, IDAHO  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended September 30, 2006

	Private-Purpose Trust Funds
	2006
<b>Additions</b>	
Trust receipts	\$ 2,272,836
<b>Total Additions</b>	<u>2,272,836</u>
<b>Deductions</b>	
Trust turnovers	<u>1,927,210</u>
<b>Total Deductions</b>	<u>1,927,210</u>
Increase in Net Assets	345,626
Net Assets Beginning of Year	<u>4,044,332</u>
<b>Net Assets End of Year</b>	<u><u>\$ 4,389,958</u></u>

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

# Notes to the Financial Statement

The faces of Fall in Kootenai County.



*Photo by: Ron Harbison*



*Photo by: Ron Harbison*

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KOOTENAI COUNTY, IDAHO  
Notes To The Financial Statements  
September 30, 2006

**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 & Rodeo 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.

# Kootenai County Comprehensive Annual Financial Report - FY 2006

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

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

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

The North Idaho Fair & Rodeo fiscal year runs from January 1 through December 31, and reported a change of net assets of \$78,589 for the fiscal year ending December 31, 2005. As of September 30, 2006, KCEMSS reported a change in net assets of \$681,646 for their current fiscal year.

## ***Basis of Presentation***

The 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 the financial position and results of operations for Kootenai County.

## **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-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal service funds are included with governmental activities in the government-wide statements and are included with the proprietary funds in the financial statements.

#### *Statement of Net Assets*

The Statement of Net Assets presents the County's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are displayed in the following three categories: *Invested in Capital Assets*, *Net of Related 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 related debt.

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

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

#### *Statement of Activities*

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

***Fund Statement***

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

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statement. The remaining governmental and business-type funds are considered to be non-major funds and are consolidated in a non-major funds column (on the combined fund statements). The non-major funds are displayed individually in combining financial statements and 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 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 two proprietary fund types, an enterprise fund used to account for solid waste disposal activities and an internal service fund to account for self-insured health services.

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.

2. Internal Service Funds - Internal service funds account for activities provided to other funds, departments or agencies of the primary government on a cost reimbursement basis. Kootenai County utilizes an internal service fund to account for self-insured health services, and to facilitate the bulk purchase of commodities such as paper supplies that are universally utilized throughout the organization.

The most significant activity is the health services component which establishes a reimbursement rate for each full time employee which is recorded in the appropriate fund which also pays for the employee's wages. The health insurance fund in turn receives the internal service premium and pays for all of the administrative costs and claims expenditures in a manner similar to a regular premium based insurance based product or company. Reimbursement rates and claims activities are reviewed and re-established each year pursuant to the recommendations provided by our independent insurance broker/plan consultant.

*Fiduciary Fund Types:*

Fiduciary funds account for assets held by the County 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 reported by Fund type. Use of Fiduciary funds provides the capability to improve accountability and control over these assets.

1. Private Purpose Trust - Trust funds account for those assets held by the County in a trustee capacity. Trust Funds report transactions using the flow of economic resources measurement focus and accrual basis of accounting. Kootenai County utilizes private purpose trust funds for cash bonds, restitution, and escheated property.
2. Agency Funds - Agency funds are used to account for assets held solely in a custodial capacity and as a result assets = liabilities. Agency funds use the accrual basis of accounting; however, do not have a measurement focus since they have no fund equity. Kootenai County uses agency funds to account for taxes collected by the County on behalf of other governments and maintains approximately 25 agency funds for taxing districts within the county, including cities, highway districts, school districts, water and sewer districts, and urban renewal districts.

**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 Statement of Net Assets. Net assets are segregated into Invested in capital assets, net of related debt and Restricted and/or Unrestricted assets. Proprietary fund Statements of Revenues, Expenses, and Changes in Fund Net Assets present the increases (revenues) and decreases (expenses) in net 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. Also, 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.

**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 at September 30, 2006.

State statutes, Idaho Code Section 67, Chapter 12, authorize the County to invest in obligations of the US Treasury, commercial paper, certificates of deposit, money market funds, mutual funds, and the State Treasurer's Local Government Investment Pool (LGIP). The elected State Treasurer, authorized by Sections 67-2327 and 67-2328, sponsors an external investment pool that Kootenai County voluntarily participates in. The LGIP is a short-term investment fund, and Kootenai County has overnight availability to the County's funds. Also, State Code provides authority as to what constitutes an allowable investment, and County policy is consistent with the State Code.

The Code limits investments to the following types:

1. U.S. government securities, which pledge the full faith and credit of the U.S. government.
2. Obligations issued under the Farm Credit Act of 1971, the Federal Home Loan Bank Board, the Federal National Mortgage Association, and the Federal Home Loan Bank.
3. Time deposit and savings accounts within state depositories; state and federal loan associations, or state and federal credit unions within the boundaries of the County.
4. Money market funds with portfolios consisting of investments specified and secured by the above and denominated in U.S. currency.
5. General obligation bonds or revenue bonds of the State or any Idaho county, city, or taxing district. Tax and revenue anticipation instruments of state and local governmental agencies.

The County's cash in bank, cash equivalents, and investment balances of substantially all funds, including the Proprietary Fund, are pooled invested by the County Treasurer in certificates of deposit, United States Treasury Securities, and United States Obligations as mentioned above are secured by the full faith and credit of the United States Government and its Governmental Agencies. The County's policy has been to hold investments until maturity, in an attempt to reduce market fluctuation risk.

For the purposes of the statement of cash flows, the County considers all highly liquid investments purchased with a maturity of three months or less to be cash. Cash and investment balances for the Proprietary Fund represent their allocated share of pooled cash and investments of the County and can be drawn down on demand.

*D-2. Receivables and payables*

Due from/to other funds consist of receivables and payables for activities between funds of the County. See footnote 15 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 \$5,000 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 infrastructures consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems 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 under long-term liabilities in The Statement of Net Assets Proprietary Funds.

At September 30, 2006, total compensated absences payable by the County is \$3,624,470. Of this amount, \$3,443,179 arises from governmental activity operations, and \$181,291 is attributable to business activity operations. See footnote 7-B for schedule illustrating changes in long-term obligations.

*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. (See footnote 7)

*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 governmental fund assets and fund liabilities is called fund equity. For governmental and proprietary fund types the equity position is called net assets. In the fund financial statements, government funds report restrictions of fund equity to identify assets that are not available for appropriation in the following year or are legally segregated for specific future uses. See footnote 16-D for the detailed Restricted Fund Equity schedule.

*D-9. Interfund transactions:*

During the course of normal operations, the County has both reciprocal and nonreciprocal interfund transactions between funds. The most significant types are interfund loans, interfund transfers and interfund reimbursements.

*Reciprocal interfund activity*

1. Interfund loans - Interfund loans are reported as interfund receivable in lender fund and interfund payables in borrower funds.

*Nonreciprocal interfund activity*

1. Interfund Transfers - Interfund transfers are the movement of resources from one fund to another fund, where the resources will be expended.
2. Interfund Reimbursements - Interfund reimbursements from one fund to another are expensed in the reimbursing fund; and reduce the expenditures/expenses of the fund being reimbursed.

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 for Kootenai County's Enterprise Fund, Solid Waste, and the Internal Service Fund, Health Insurance, in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds. Comparative data for the prior year for the Private Purpose Trust Fund is presented in the supplementary section. Also, amounts in the prior year data have been reclassified for the Enterprise Fund, Internal Service Fund, and Governmental Funds 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 (\$4,803,855) difference are as follows:

**Capital Leases - current balances as of 9/30/06**

Equipment leases	\$	258,518	
Facility leases		<u>1,102,159</u>	
Total Capital leases	\$		1,360,677

**Compensated absences**

3,443,178

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

\$ 4,803,855

Another element of that reconciliation explains the "Internal service funds are used by management to charge the cost of certain activities, such as health insurance costs to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. The details of the \$379,163 difference are as follows.

Net assets of the internal service fund	\$	931,237
Less: Internal payables		<u>(552,074)</u>

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

\$ 379,163

**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 \$3,169,213 difference are as follows:

Capital outlay	\$ 6,727,485
Depreciation expense	<u>(3,558,272)</u>
<b>Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i></b>	<b><u>\$ 3,169,213</u></b>

Property taxes in the amount of \$14,264 were collected more than sixty days after the County's fiscal year end, and not considered "available" revenues in the governmental funds.

Capital lease repayments in the amount of \$5,592,535 exceeded proceeds.

Insurance proceeds provide current financial resources to governmental funds. The amount by which insurance proceeds exceed prepayments is \$(6,554)

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 \$(210,258) difference are as follows:

Compensated absences	\$ (200,910)
Accrued Interest	<u>(9,348)</u>
<b>Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i></b>	<b><u>\$ (210,258)</u></b>

Another element of the reconciliation states the "internal service funds are used by management to charges the cost of certain activities, such as health insurance, to individual funds." The details of this \$324,929 difference are as follows:

Revenues:	
Intergovernmental	\$ 77,354
Charges for Services	<u>4,339,967</u>
Total Revenues	4,417,321
Less expenditures:	<u>(4,092,392)</u>
<b>Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i></b>	<b><u>\$ 324,929</u></b>

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, 2006, there was one supplemental appropriation for unanticipated revenue received over the course of the fiscal year totaling \$2,193,609.

**NOTE 3: DEPOSITS AND INVESTMENTS**

As of September 30, 2006, Kootenai County had the following investments:

Investment Type (amounts are in thousands)	9/30/2006 (Fair Value)	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 10,669	1.43
State of Idaho Local Government Investment Pool	35,914	0.06
<b>Total fair value of investments:</b>	<b>\$ 46,583</b>	
Portfolio weighted average maturity		<b>0.38</b>

The (State of Idaho) Local Government Investment Pool (LGIP) is managed and sponsored by the State of Idaho Treasurer's Office (STO). This Joint Powers Investment Pool is established as a cooperative endeavor to offer local government entities of the State of Idaho to aggregate funds for investment purposes. The pooling is intended to improve efficiency and increase higher investment yields. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping financial institution. The STO must operate and invest the funds of the pool for the benefit of its participants. The LGIP is not registered with the Securities and Exchange Commission or any other regulatory body; and is not rated - oversight is with the STO, and Idaho Code defines allowable investments. An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office, and the State of Idaho's reported weighted average maturity of investments for the LGIP as of June 30, 2006, was 135 days.

*Interest rate risk.* In accordance with Kootenai County's investment policy, the County Treasurer manages its exposure to declines in fair values by limiting the weighted average maturity of the County's investment portfolio to less than six months. The County's investments are in compliance with this practice. The County assumes that its callable investments will not be called.

*Credit risk.* Kootenai County's policy limits its investments in U.S. Treasury Securities and other Governmental Security Agencies to the top credit ratings, of A or better, issued by nationally recognized statistical rating organizations (NRSROs) or equivalent. The State of Idaho's Local Government Investment Pool is not rated.

*Concentration of credit risk.* Currently, Kootenai County has no official investment policy or resolution concerning investment decisions and restrictions in concentration risk of any one issuer. The Board of Kootenai County Commissioners authorizes the County Treasurer to utilize all investment options available under Idaho Law. As of September 30, 2006, the following issuer had more than 5% in concentration of Kootenai County's total investment portfolio: *Federal Home Loan Bank - 6.4%*.

*Custodial credit risk - deposits.* This is the risk that in event of a financial institution failure, the County's deposits may not be returned. Kootenai County's policy for managing custodial credit risk follows and adheres to the authoritative directions set forth in *The State of Idaho's Code*, Section 67-2739. These instructions provide guidance from the State Treasurers Office on which financial institutions are qualified as depositories, and the amount of government funds above the total covered by federal insurance that is deposited with those qualified institutions may not exceed the total of that depository's capital and surplus. As of September 30, 2006, \$150,232 of Kootenai County's bank balance of \$58,599,103 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name. As of the same date the Kootenai County Emergency Medical Services System (KCEMSS), a discretely presented component unit had exposure to custodial credit risk because \$181,482 of KCEMSS's bank balance of \$1,662,275 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the KCEMSS's name. Also, the North Idaho Fair & Rodeo, another discretely presented component unit had exposure to custodial credit risk as of December 31, 2005, because \$3,511 of the North Idaho Fair & Rodeo's bank balance of \$402,579 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the North Idaho Fair & Rodeo's name.

*Custodial credit risk -- investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, Kootenai County will not be able to recover the value of its investments or collateral securities which are in the possession of an outside party. Of the investment in U.S Treasuries of \$10,668,825 Kootenai County has a custodial credit risk exposure of \$247,040 because the related securities are uninsured, unregistered and held by Kootenai County's brokerage firm which is also the counterparty for these particular securities. Kootenai County does not have an investment policy limiting the amount of securities that can be held by counterparties.

**NOTE 4: RECEIVABLES**

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

	General	non-major Governmental Funds	Solid Waste	Total
Receivables:				
Interest	\$ 14,648	\$ 103	\$ 14,996	\$ 29,747
Accounts	2,127,828	31,805	1,158,293	3,317,926
Taxes	972,987	319,414	185,850	1,478,251
Grants Receivable	202,320	2,187,560	-	2,389,880
Leases Receivable	83,265	-	-	83,265
Gross receivables	3,401,048	2,538,882	1,359,139	7,299,069
Less: allowance for doubtful accounts	-	-	(57,083)	(57,083)
<b>Net total receivables</b>	<b>\$ 3,401,048</b>	<b>\$ 2,538,882</b>	<b>\$ 1,302,056</b>	<b>\$ 7,241,986</b>

Kootenai County's governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, and those governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of September 30, 2006, the various components of deferred revenue and unearned revenue reported in Kootenai County's governmental funds were as reported:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	\$ 877,856	\$ -
Delinquent property taxes receivable (other governmental funds)	287,280	-
Intergovernmental services not yet performed (general fund)	437,015	-
Weed control services not yet performed (other governmental funds)	9,764	-
District Court services not yet performed (other governmental funds)	26,128	-
Grant draw downs prior to meeting all eligibility requirements	-	263,004
<b>Total deferred and unearned revenue for governmental funds</b>	<b>\$ 1,638,043</b>	<b>\$ 263,004</b>

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## NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006 was as follows:

<b>Governmental Activities</b>	Balance 10/1/05	Additions	Deletions	Balance 9/30/06
Capital assets, not being depreciated:				
Other Assets	\$ 71,503	\$ -	\$ -	\$ 71,503
Land	4,072,345	42,623	-	4,114,968
Construction in progress	3,085,393	4,606,204	(50,341)	7,641,256
<b>Total capital assets, not being depreciated</b>	<b>7,229,241</b>	<b>4,648,827</b>	<b>(50,341)</b>	<b>11,827,727</b>
Capital assets, being depreciated:				
Buildings	35,467,969	58,239	-	35,526,208
Improvements other than buildings	18,087,116	47,062	-	18,134,178
Machinery and equipment	16,647,127	2,001,536	(310,772)	18,337,891
<b>Total capital assets, being depreciated</b>	<b>70,202,212</b>	<b>2,106,837</b>	<b>(310,772)</b>	<b>71,998,277</b>
Less accumulated depreciation for:				
Buildings	(11,765,410)	(1,042,151)	-	(12,807,561)
Improvements other than buildings	(7,922,406)	(1,330,398)	-	(9,252,804)
Machinery and equipment	(13,365,822)	(1,185,723)	299,111	(14,252,434)
<b>Total accumulated depreciation</b>	<b>(33,053,638)</b>	<b>(3,558,272)</b>	<b>299,111</b>	<b>(36,312,799)</b>
<b>Total capital assets, being depreciated, net:</b>	<b>37,148,574</b>	<b>(1,451,435)</b>	<b>(11,661)</b>	<b>35,685,478</b>
<b>Government activity capital assets, net:</b>	<b>\$ 44,377,815</b>	<b>\$ 3,197,392</b>	<b>\$ (62,002)</b>	<b>\$ 47,513,205</b>
<b>Business-type Activities</b>	Balance 10/1/05	Additions	Deletions	Balance 9/30/06
Capital assets, not being depreciated:				
Land	\$ 1,275,290	\$ -	\$ -	\$ 1,275,290
Construction in progress	72,368	-	(72,368)	-
<b>Total capital assets, not being depreciated</b>	<b>1,347,658</b>	<b>-</b>	<b>(72,368)</b>	<b>1,275,290</b>
Capital assets, being depreciated:				
Buildings	571,659	-	-	571,659
Improvements other than buildings	20,435,356	208,166	-	20,643,522
Machinery and equipment	6,801,671	562,090	(95,151)	7,268,610
<b>Total capital assets, being depreciated</b>	<b>27,808,686</b>	<b>770,256</b>	<b>(95,151)</b>	<b>28,483,791</b>
Less accumulated depreciation for:				
Buildings	(205,511)	(28,658)	-	(234,169)
Improvements other than buildings	(9,719,481)	(1,296,072)	-	(11,015,553)
Machinery and equipment	(5,111,294)	(435,764)	83,917	(5,463,141)
<b>Total accumulated depreciation</b>	<b>(15,036,286)</b>	<b>(1,760,494)</b>	<b>83,917</b>	<b>(16,712,863)</b>
<b>Total capital assets, being depreciated, net:</b>	<b>12,772,400</b>	<b>(990,238)</b>	<b>(11,234)</b>	<b>11,770,928</b>
<b>Business-type activities capital assets, net:</b>	<b>\$ 14,120,058</b>	<b>\$ (990,238)</b>	<b>\$ (83,602)</b>	<b>\$ 13,046,218</b>

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

Governmental Activities:	
General Government	\$ 803,825
Public Works	1,436,575
Public Safety	1,208,192
Sanitation	6,350
Health and Welfare	3,443
Culture and Recreation	99,887
<b>Total governmental activities current year depreciation expense</b>	<b>\$ 3,558,272</b>
Business-type activity:	
Solid Waste	\$ 1,760,494
<b>Total business-type activities current year depreciation expense</b>	<b>\$ 1,760,494</b>

The above is a summary of general government and solid waste capital assets and related accumulated depreciation as of September 30, 2006.

The Land increase of \$42,623 includes a \$37,550 assessment for the Government Way Improvement Project at the Sheriff/Public Safety Campus. A land purchase of .23 acres on Mason Butte for 911 cost \$5,073.

The Construction in Progress balance \$7,641,256 for fiscal year 2006 includes the following projects.

- Construction costs, for the infrastructure improvement project begun in 2004 on the north end of the Airport, total \$2,775,236.
- Construction costs for the north end Airport development by the County are \$164,396.
- Construction costs for the Airport Improvement Projects (AIP) 24 are \$2,666,867. Project includes Phase II construction costs for the main runway's parallel taxiway.
- Construction costs Phase I for the north side Aircraft Apron are \$1,762,048.
- Construction costs associated with on going Waterway Projects total \$272,709. The costs include on going improvement projects at Hauser docks, Bell Bay pier, Harrison docks and breakwater, 3rd Street breakwater, and Carlin Bay docks and gangways.

Completed construction includes the AIP 25 Airport Lay-Out Plan.

Buildings increased by \$58,239: \$35,906 toward the purchase of a Building on 3rd Street, and \$12,485 for a new Vault Toilet at Harrison Docks. A storage building was reclassified from equipment to buildings.

Improvements Other than Buildings increased \$47,062.

- Completed construction at Mowry State Park and Loff Bay totaled \$20,336.
- Additional improvements totaling \$26,726 includes a parking lot, fencing, and lighting.

Additions for Machinery and Equipment of \$2,001,536 includes new tax assessment software and support system, eighteen sheriff vehicles, eight county vehicles, an emergency mobile command center and truck, 911 communication equipment, and safety equipment. Disposals for Machinery and Equipment with historical costs of \$310,772 (with a decrease to accumulated depreciation of \$299,111) included fourteen vehicles and obsolete office and computer equipment.

The Solid Waste Enterprise Fund capital expenditures during fiscal year 2006 totaled \$770,256.

- Improvements Other than Buildings increased for Fighting Creek Landfill: \$198,876 for the east cell storm water pond project and \$9,290 for fencing.
- Machinery and Equipment purchases of \$562,090 includes a new compaction crane, four transfer trailers, and a chute pit scale for Ramsey Transfer Station.

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- Machinery and Equipment disposals totaling \$95,151 (with a decrease to accumulated depreciation of \$83,917) includes obsolete scales and a compaction crane.

Solid Waste reclassified construction's professional service costs of \$72,368 to an expense. The costs were accumulated 1998-2001 for a discarded Northern Transfer Station Project.

### *Discretely presented component units:*

Activity for the Kootenai County Emergency Medical Services System for the year ended September 30, 2006, was as follows:

	Balance 10/1/05	Additions	Deletions	Balance 9/30/06
<b>KCEMSS Component Unit Activity</b>				
Capital assets, not being depreciated:				
Ambulance in progress	\$ -	\$ 27,709	\$ -	\$ 27,709
Total capital assets, not being depreciated	-	27,709	-	27,709
Capital assets, being depreciated:				
Machinery and equipment	\$ 175,403	\$ 139,961	\$ (22,896)	\$ 292,468
Vehicles	1,261,061	392,523	(106,974)	1,546,610
Total capital assets, being depreciated	1,436,464	532,484	(129,870)	1,839,078
Less accumulated depreciation for:				
Machinery and equipment	(56,289)	(27,125)	18,730	(64,684)
Vehicles	(712,891)	(162,271)	48,349	(826,813)
Total accumulated depreciation	(769,180)	(189,396)	67,079	(891,497)
Total capital assets, being depreciated, net	667,284	343,088	(62,791)	947,581
<b>KCEMSS activity capital assets, net:</b>	<b>\$ 667,284</b>	<b>\$ 370,797</b>	<b>\$ (62,791)</b>	<b>\$ 975,290</b>

Activity for the North Idaho Fair and Rodeo for the year ended December 31, 2005 was as follows:

	Balance 1/1/05	Additions	Deletions	Balance 12/31/05
<b>North Idaho Fair Component Unit Activity</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 222,582	\$ 37,520	\$ -	\$ 260,102
Buildings	2,012,033	141,609	-	2,153,642
Total capital assets, being depreciated	2,234,615	179,129	-	2,413,744
Less accumulated depreciation for:				
Machinery and equipment	(141,825)	(12,339)	-	(154,164)
Buildings	(630,584)	(68,582)	-	(699,166)
Total accumulated depreciation	(772,409)	(80,921)	-	(853,330)
Total capital assets, being depreciated, net	1,462,206	98,208	-	1,560,414
<b>North Idaho Fair activity capital assets, net:</b>	<b>\$ 1,462,206</b>	<b>\$ 98,208</b>	<b>\$ -</b>	<b>\$ 1,560,414</b>

**NOTE 6: LEASES**

*6-A. 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 non-cancelable lease terms in excess of one year as of September 30, 2006.

Fiscal Year Ending September 30,	Governmental Activities
2007	\$ 117,005
2008	118,182
2009	119,395
2010	120,644
2011	121,932
2012 - 2016	630,395
<b>Total Minimum Payments Required</b>	<b>\$ 1,227,553</b>

The total expenditure for operating leases during the fiscal year ending September 30, 2006, totaled \$112,518.

*6-B. Capital Leases:*

Under capital lease arrangements, the County leases equipment and buildings with a historical cost of \$16,308,376 and leases land for \$592,030, a total value of \$16,900,406. Capital equipment leases are arranged through lease financing agreements with U.S. Bank and Mountain West Bank. The arrangements provide for an initial down payment with annual payments varying from three to nine years, and fixed interest ranging from 3.60% to 7.77%.

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 August 1, 2007.

The schedule below is an analysis of assets under capital leases as of September 30, 2006:

	(Historical Cost) Governmental Activities	(Less) Accumulated Depreciation	Net of Depreciation
Asset:			
Land	\$ 592,030	\$ -	\$ 592,030
Buildings and Improvements	14,813,908	(2,593,445)	12,220,463
Machinery, Equipment, and Other	1,494,468	(968,553)	525,915
<b>Total Capital Leases</b>	<b>\$ 16,900,406</b>	<b>\$ (3,561,998)</b>	<b>\$ 13,338,408</b>

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The future minimum lease obligations of governmental activities under capital leases as of September 30, 2006, were as follows:

Fiscal Year Ending September 30,	Governmental Activities
2007	\$ 629,208
2008	125,633
2009	122,518
2010	122,261
2011	130,106
2012 - 2016	397,529
Total Minimum Lease Payments	1,527,255
Less: Amount Representing Interest	(251,496)
<b>Present Value of Minimum Lease Payments</b>	<b>\$ 1,275,759</b>

## NOTE 7: GENERAL LONG-TERM OBLIGATIONS

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

### 7-A. Other General Long-Term Requirements:

As of September 30, 2006, the outstanding balance in general long-term obligations for the Jail Facility Tax Revenue Note of \$4,921,651 was paid in full and satisfied on December 1, 2005. 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.

### 7-B. Changes in Long-term Obligations:

During the year ending September 30, 2006, the following changes occurred with liabilities reported in the general long-term obligations:

	Balance 10/1/2005	Additions	Reductions	Balance 9/30/2006	Amounts Due within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and notes payable:					
Capital leases	\$ 1,988,938	\$ 37,550	\$ 665,812	\$ 1,360,676	\$ 573,806
Jail facility tax revenue note	4,921,651	-	4,921,651	-	-
Other Liabilities:					
Compensated Absences	3,242,268	309,016	108,105	3,443,179	200,911
<b>Governmental activities long-term liabilities</b>	<b>\$ 10,152,857</b>	<b>\$ 346,566</b>	<b>\$ 5,695,568</b>	<b>\$ 4,803,855</b>	<b>\$ 774,717</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated Absences	\$ 175,767	\$ 22,871	\$ 17,347	181,291	5,524
<b>Business-type activities long-term liabilities</b>	<b>\$ 175,767</b>	<b>\$ 22,871</b>	<b>\$ 17,347</b>	<b>\$ 181,291</b>	<b>\$ 5,524</b>

For the governmental activities, the compensated absences liability is generally liquidated by the general fund.

**NOTE 8: NOTES PAYABLE: COMPONENT UNITS**

The financial information in this report, for the fiscal year ending September 30, 2006, includes discretely presented financial information from the following component units, North Idaho Fair & Rodeo and Kootenai County Emergency Medical Services System (KCEMSS). There are no outstanding notes payable for the year ending December 31, 2005, for North Idaho Fair & Rodeo. KCEMSS has no outstanding notes payable for the year ending September 30, 2006.

**NOTE 9: LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

Federal and state laws and regulations require Kootenai County to place a final cover on its landfill (Fighting Creek) when closed. After closure, the County is further required to perform certain maintenance and monitoring functions at the landfill site for thirty years. The cost recognized in each period is based on the relative amount of waste received during the period. Some of the closure and post-closure care costs will be paid after the landfill is closed. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. As of September 30, 2006, Phase I of the landfill closure was complete. Based upon actual utilization and closure costs incurred, and revised engineering estimates for the Fighting Creek Landfill through 2005-2006 an increase of \$638,000 in closure and post-closure liability and costs has been recognized for the period ending September 30, 2006.

A total of \$4,345,000 has been recognized for closure and post-closure liability as of the balance sheet date. This figure is based on 54.0% utilization of the landfill's estimated capacity of 2,475,677 tons and the total estimated closure and post-closure costs of \$9,252,277. This amount totals \$5,631,955, less a reduction for actual closure expenses incurred of \$1,286,879. The remainder of the estimated closure and post-closure costs of \$3,620,322 will be recognized, on a pro-rata basis, as the remaining usable landfill space is filled. The Fighting Creek Landfill is expected to close some time in 2012.

Total closure and post-closure costs are estimated to be \$9,252,277 in 2005 dollars. These estimates will be inflated annually based on Consumer Price Index CPI-U rate, size B/C populations beginning in the 2006-2007 fiscal year.

Funds totaling \$4,345,000 plus interest have been reserved in the Solid Waste Enterprise Fund to meet the funding requirements for closure and post-closure costs. In the short-term, these funds will be invested in the Idaho State Investment Pool or other similar investment vehicle, as are many other unobligated funds of the County.

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

**NOTE 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 2006-07 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 reinsurance pays any amounts above \$500,000.

ICRMP provides property insurance coverage structured so that ICRMP retains the first \$150,000 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 for all ICRMP insureds collectively.

On December 30, 2006, the County had twenty (20) 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 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 vested in their retirement benefits earned to date. At that time, members receive their full retirement benefit if their years of service plus their age equal 90 (General Plan Members) or 80 (Police Officer/Firefighters Plan). A member does not need to reach the Rule of 80/90 to retire. As long as they have reached minimum retirement age and have at least 60 months of service, they may retire. However a member retiring before reaching the required service retirement age is eligible for a reduced benefit amount dependent upon their relative position to full retirement.

Also for Members eligible for retirement benefits upon attainment of the ages specified for their employment classification, annual service retirement allowances are 2.000% or 2.300% (depending upon employee classification) of their average monthly salary, for the highest consecutive 42 months, times the months of credited service.

The current required employer contribution rate for employees is 10.39% and 10.73% for general employees and police members, respectively. The required employee contribution rate is 6.23% for general employees and 7.65% for police members.

Kootenai County contributions required and paid were \$2,591,867, \$2,374,998, and \$2,145,704 for the three years ending September 30, 2006, 2005, and 2004 respectively.

**NOTE 12: CLASSIFICATION OF FUNDS**

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

Replacement Reserve/Acquisition	Liability Insurance
Justice	Court Interlock
Unemployment Insurance	Tourism Promotion

**NOTE 13: 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 Board of County Commissioners. 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, 2006.

Because, the Board of County Commissioners approves the annual KCEMSS operating budget and appoints *one* board member, the county has elected to report their operations as a component unit. See footnote 1(A) for more information.

**NOTE 14: 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 15: INTERNAL BALANCES AND INTERFUND TRANSFERS**

The composition of internal balances as of September 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>(Payable) Funds</u>	
<u>Major Funds:</u>		
General Fund		<u>\$ 1,564,050</u>
<u>Non-Major Special Revenue Funds:</u>		
Airport	\$ (223,687)	
County Vessel Fund	(34,014)	
Indigent Fund Administration	(673,000)	
FTA Public Transportation	(123,349)	
<u>Non-Major Capital Projects Funds:</u>		
General construction Fund	(510,000)	<u>(1,564,050)</u>
<b>Total</b>		<u><u>\$ -</u></u>

The outstanding balance between funds result from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made and are used for general operations.

Interfund Loans:

<u>Receivable Fund</u>	<u>(Payable) Fund</u>	
General	Airport	<u><u>\$ 83,265</u></u>

The amounts made payable to the General fund, relate to interfund loans made to the Airport fund for capital runway projects. The balance is due to be paid in full during Fiscal Year 2007-2008.

# Kootenai County Comprehensive Annual Financial Report - FY 2006

Interfund transfers:		Transfer In			
		General Fund	Resort Sales Tax	Other Governmental Activities	Total
Transfer out	General Fund	\$ -	\$ 217,219	\$ 178,410	\$ 395,629
	Resort Sales Tax	4,877,392	-	-	4,877,392
	Other Governmental Activities	30,039	-	-	30,039
	Solid Waste Enterprise	475,000	-	44,116	519,116
<b>Total</b>		<b>\$ 5,382,431</b>	<b>\$ 217,219</b>	<b>\$ 222,526</b>	<b>\$ 5,822,176</b>

Interfund transfers are primarily performed for two reasons: 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 year, total transfers out of the Solid Waste Enterprise fund to General Fund and Other Non-major governmental funds totaled \$519,116. Administrative, accounting, and legal services are provided by other departments for the Solid Waste Enterprise fund.

## NOTE 16: FUND EQUITY

### 16-A. Deficit Fund Equity:

At September 30, 2006, the following individual funds have deficit fund balances that are included in the fund balance of the non-major special revenue funds and capital projects. Capital Projects: \$226,332; Special Revenue Funds: Airport \$244,686, County Vessel Fund \$34,014, Indigent Fund \$692,794. The deficit in the capital projects fund will be resolved through a combination of sales tax revenues and fund balance transfers in fiscal year 2007. Deficits in noxious weeds and indigent funds will be resolved over time by increasing tax revenue over the annual expenditures.

### 16-B. Net Assets Restricted Proprietary Fund:

At September 30, 2006 the following amounts of Restricted Net Assets were:

	Proprietary Fund
Landfill Closure/Post Closure	\$ 4,345,000
Capital Appropriations carryover	11,610,000
<b>Total Restricted Net Assets</b>	<b>\$ 15,955,000</b>

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.

### 16-C. Restrictions of Fund Equity:

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

### 16-D. Restricted Fund Equity Balances:

At September 30, 2006 the following fund equity balances were restricted:

Fund Equity Balances Restricted for:	General	Special Revenue	Trusts	Total
Juvenile justice services	\$ 277,586	\$ -	\$ -	\$ 277,586
Court interlock	27,324	-	-	27,324
Capital purchases	1,614,644	-	-	1,614,644
Replacement reserve	462,000	-	-	462,000
Property tax relief	-	4,037,833	-	4,037,833
Capital appropriations carryover	933,350	-	-	933,350
Sheriff snowmobile	-	44,956	-	44,956
Trusts	-	-	4,389,958	4,389,958
<b>Total restricted fund balances</b>	<b>\$ 3,314,904</b>	<b>\$ 4,082,789</b>	<b>\$ 4,389,958</b>	<b>\$ 11,787,651</b>

# Required Supplementary Information



The North Idaho Centennial Trail corridor begins at the Washington-Idaho State Line and ends six miles east of Coeur d'Alene.

Running along the Spokane River to Post Falls winding through neighborhoods and wooded areas into Coeur d'Alene following pristine Lake Coeur d'Alene to scenic Higgins Point, the trail connects the story of people, land and culture.

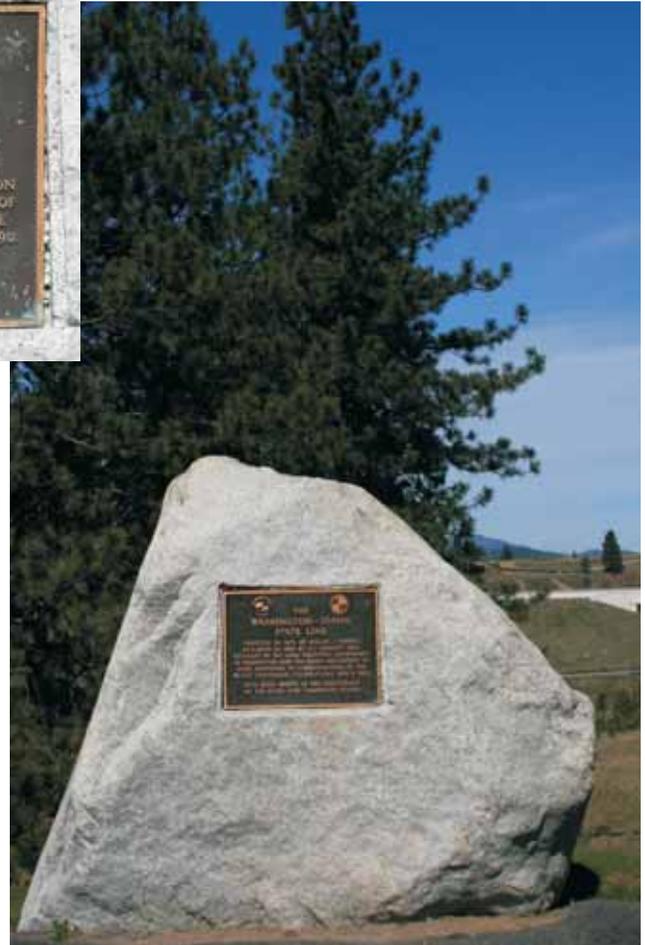


Photo by: Daniel Duffey



Photo by: Kim Stevenson

The Centennial Trail is a non-motorized paved pathway that traverses 24 miles in Idaho and 37 miles in Washington.



Photo by: Daniel Duffey

**KOOTENAI COUNTY, IDAHO**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2006**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 19,287,708	\$ 19,287,708	\$ 19,914,628	\$ 626,920
Licenses and permits	1,143,700	1,158,700	1,242,083	83,383
Intergovernmental	7,766,565	8,241,565	7,789,518	(452,047)
Interest	430,000	958,609	1,292,256	333,647
Fines and forfeitures	237,900	237,900	249,619	11,719
Charges for services	5,602,443	6,767,443	7,397,543	630,100
Miscellaneous	157,726	167,726	403,046	235,320
<i>Total Revenues</i>	34,626,042	36,819,651	38,288,693	1,469,042
<b>Expenditures</b>				
Current:				
General government				
Assessor	1,443,926	1,443,926	1,434,572	9,354
Building & Grounds	470,380	470,380	457,395	12,985
Clerk of the District Court	3,385,053	3,385,053	3,276,707	108,346
Cooperative Extension	187,337	187,337	181,449	5,888
County Auto Shop	211,673	211,673	202,223	9,450
County Commissioner	555,302	555,302	579,024	(23,722)
County Grant Writer	56,945	56,945	53,989	2,956
General Accounts	1,301,328	1,301,328	599,890	701,438
Office of Emergency Management	1,751,512	1,751,512	752,424	999,088
Human Resources	261,246	261,246	168,483	92,763
Information Services	1,403,702	1,403,702	1,437,304	(33,602)
Legal Services	504,020	504,020	500,813	3,207
Liability Insurance	650,000	650,000	547,569	102,431
Planning & Zoning	620,377	620,377	628,708	(8,331)
Prosecuting Attorney	1,802,802	1,802,802	1,807,409	(4,607)
Public Defender	1,605,069	1,605,069	1,826,866	(221,797)
Reprographics/Mail Room	271,775	271,775	263,172	8,603
Treasurer	543,586	543,586	486,574	57,012
Veterans Services	94,486	94,486	85,634	8,852

(Continued)

Kootenai County Comprehensive Annual Financial Report - FY 2006

KOOTENAI COUNTY, IDAHO  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 General Fund  
 For the Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Public safety				
9-1-1	2,239,517	2,239,517	1,896,708	342,809
Adult Misdemeanor Probation	371,186	371,186	386,265	(15,079)
Building Inspection	856,659	856,659	902,825	(46,166)
Coroner	257,785	257,785	252,879	4,906
Court Interlock	19,000	19,000	12,405	6,595
Groene Investigation	-	-	210	(210)
Justice - General Accounts	470,000	470,000	226,576	243,424
Juvenile Detention Center	2,088,360	2,088,360	1,997,201	91,159
Juvenile Diversion	258,858	258,858	256,394	2,464
Juvenile Probation	1,128,355	1,128,355	1,163,885	(35,530)
Sheriff	12,890,317	13,355,317	13,324,540	30,777
Health & welfare				
County Assistance	150,000	450,000	423,398	26,602
Culture and recreation				
Tourism Promotion	10,000	10,000	7,132	2,868
Debit service:				
Principal retirement	663,716	663,716	670,884	(7,168)
Interest expense	-	-	75,304	(75,304)
Capital outlay:				
Capital expenditures	3,010,352	3,744,952	1,780,903	1,964,049
<b>Total Expenditures</b>	<b>41,534,624</b>	<b>43,034,224</b>	<b>38,667,714</b>	<b>4,366,510</b>
Excess of Revenues Over (Under)				
Expenditures	(6,908,582)	(6,214,573)	(379,021)	5,835,552
<b>Other Financing Sources (Uses)</b>				
Proceeds insurance	-	-	6,554	6,554
Planned Fund Balance Utilization	1,613,801	1,613,801	-	-
Transfers In	8,861,182	8,861,182	10,993,441	2,132,259
Transfers (out)	(4,339,419)	(4,270,410)	(6,006,638)	(1,736,228)
<b>Total Other Financing Sources (Uses)</b>	<b>6,135,564</b>	<b>6,204,573</b>	<b>4,993,357</b>	<b>402,585</b>
<b>Revenues and Other Financing Sources Over (Under)</b>			<b>4,614,336</b>	
<b>Expenditures and Other Financing Uses</b>			<b>4,614,336</b>	
Reconciling Items				
Changes Affected by Accrued Revenue			699,790	
Changes Affected by Accrued Expenditures			11,809	
Fund Balances Beginning of Year			15,499,117	
<b>Fund Balances End of Year</b>			<b>\$ 20,825,052</b>	

The accompanying note is an integral part of this financial schedule.

**KOOTENAI COUNTY, IDAHO**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Kootenai County, Resort Sales Tax Major Fund**  
**For the Year Ended September 30, 2006**

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 2,200,000	\$ 2,200,000	\$ 1,878,433	\$ (321,567)
Interest	-	-	149,149	149,149
<i>Total Revenues</i>	2,200,000	2,200,000	2,027,582	(172,418)
<b>Expenditures</b>				
Current:				
General government	93,200	93,200	22,326	70,874
Debt Service:				
Principal retirement	2,106,800	2,026,836	4,921,651	(2,894,815)
Interest expense	-	79,964	79,964	-
<i>Total Expenditures</i>	2,200,000	2,200,000	5,023,941	(2,823,941)
<i>Excess of Revenues Over (Under) Expenditures</i>	-	-	(2,996,359)	(2,996,359)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	217,219	217,219
Transfers (out)	(4,876,673)	(4,876,673)	(4,877,393)	(720)
<i>Total Other Financing Sources (Uses)</i>	(4,876,673)	(4,876,673)	(4,660,174)	216,499
<i>Net Change in Fund Balances</i>	(4,876,673)	(4,876,673)	(7,656,533)	(2,779,860)
<i>Fund Balances Beginning of Year</i>	11,704,074	11,704,074	11,704,074	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ 6,827,401</b>	<b>\$ 6,827,401</b>	<b>\$ 4,047,541</b>	<b>\$ (2,779,860)</b>

The accompanying note is an integral part of this financial schedule.

KOOTENAI COUNTY, IDAHO  
Required Supplementary Information  
Note to Required Supplementary Information - Basis of Budgetary Reporting;  
Stewardship, Compliance, and Accountability  
For the Fiscal Year Ended September 30, 2006

***Basis of Budgetary Accounting***

The County's legal budget is prepared on the modified accrual basis of accounting. Appropriations are made for the fiscal year, but lapse at the close of the year. The Budget and Actual Schedules are prepared on the budgetary basis and include this variation from Generally Accepted Accounting Principals (GAAP). The reconciliation at the end of the budget and actual statements discloses the difference between the budget basis and GAAP.

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.

***Stewardship, Compliance, and Accountability***

The County budgets its revenues and expenditures, as required by Idaho Code Section 31, Chapter 16. Following these guidelines, the County adopts annual appropriations for General, Special Revenue, and Enterprise Funds. Capital project activities are integrated into the pertinent fund level budgets. All budgets are adopted on a non-GAAP basis as described above. The following is a summary of the budgetary process for the County:

Prior to the third Monday in May, each elected official or department head submits to the Auditor's Office a proposed operating budget, and detailed listing of capital needs for the next fiscal year. The budget request addresses any appropriate redistribution of funds between operating elements and explains any increase in staffing or operating costs. The Auditor's Office assures the accuracy of the submissions and submits the requests to the Board of County Commissioners for review and departmental budget hearings, deliberations and public presentation.

On or before the first Monday in August, the proposed budget is submitted to the County Commissioners for final review and tentative approval for publication. The public budget hearing is conducted on the Tuesday after Labor Day to obtain taxpayer comments and concerns. After the hearing is closed the Commissioners legally adopt the budget by resolution and it becomes an official record of the Board.

The budget that is adopted can not increase the amount that was published in the local newspaper. Per Idaho Code Section 31, the actual expenditures for the ensuing fiscal year shall not exceed the appropriations legally adopted by the Commissioners.

During the year the county commissioners may proceed to adjust the budget as adopted to reflect the receipt of unscheduled revenue, grants, or donations from federal, state or local governments or private sources, provided that there shall be no increase in anticipated property taxes. Budget increases can only occur after advertising the proposed change, holding a public hearing, and a subsequent resolution of the Board of County Commissioners.

The fiscal year for Idaho Counties begins on October 1, and runs through September 30 of the following 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 Board of County Commissioners adopts the annual budget via resolution and formally integrates the budget into the accounting system. The annual budget is prepared and adopted on a modified accrual basis that departs from 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 level of budgetary control at which expenditures may not exceed appropriations is the elected official department level.

For the year ending September 30, 2006, there was one supplemental appropriation for unanticipated revenues received over the course of the fiscal year totaling \$2,193,609. These adjustments primarily reflect grant funds received and approved during the fiscal year, and the adjustments have no impact on anticipated property tax revenues.

**KOOTENAI COUNTY, IDAHO**  
**Required Supplementary Information**  
**Schedule of Expenditure Compliance at the Legal Level of Budgetary Control**  
**Budget and Actual**  
**By Elected Official**  
**For the Year Ended September 30, 2006**

	Budgeted Amounts		Variance with Final Budget (Over) Under
	Final	Actual Amounts (Budgetary Basis)	
Board of County Commissioners	\$ 44,876,703	\$ 29,981,796	\$ 14,894,907
County Clerk	\$ 5,475,447	\$ 5,327,485	\$ 147,962
Administrative District Judge	\$ 1,461,008	\$ 1,451,608	\$ 9,400
Treasurer	\$ 543,586	\$ 486,574	\$ 57,012
County Assessor	\$ 3,384,030	\$ 3,282,301	\$ 101,729
Coroner	\$ 257,785	\$ 254,629	\$ 3,156
County Sheriff	\$ 13,934,117	\$ 13,862,039	\$ 72,078
Prosecuting Attorney	\$ 1,802,802	\$ 1,806,616	\$ (3,814)

# Supplementary Information

Examples of unique benches along the Centennial Trail.



*Photo by: Kim Stevenson*

In 1999 Hillary Clinton designated the trail a Millennium Trail. Millennium Trails is a partnership between the White House Millennium Council, the US Department of Transportation and the Rails-to-Trails Conservancy.



*Photo by: Daniel Duffey*

**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 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 floating green for their 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 System. 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 of 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 property 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.

# Combining Financial Statements



An annual event in Kootenai County, the North Idaho Fair and Rodeo runs five days, Wednesday through Sunday, starting the third full week of August.



The North Idaho Fair and Rodeo strives to bring educational and entertainment activities to our community that is enjoyed by all ages.

*Photos by: Ron Harbison*

KOOTENAI COUNTY, IDAHO  
 Combining Balance Sheet  
 Non-major Governmental Funds  
 September 30, 2006

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 2,933,872	\$ 34,956	\$ 2,968,828
Taxes delinquent-receivable	319,414	-	319,414
Accounts receivable, (net)	31,805	-	31,805
Interest receivable	103	-	103
Grants receivable	386,030	1,801,530	2,187,560
Prepays	2,380	-	2,380
<b>Total Assets</b>	<b>\$ 3,673,604</b>	<b>\$ 1,836,486</b>	<b>\$ 5,510,090</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 673,143	\$ 1,351,868	\$ 2,025,011
Deferred revenues	35,892	-	35,892
Deferred property taxes	287,280	-	287,280
Due to other funds	1,054,050	510,000	1,564,050
Unearned revenue	-	200,950	200,950
Leases payable-long term	83,265	-	83,265
<b>Total Liabilities</b>	<b>2,133,630</b>	<b>2,062,818</b>	<b>4,196,448</b>
<b>Fund Balances</b>			
Reserved for:			
Sheriff Snowmobile	44,956	-	44,956
Unreserved & Undesignated:			
Special Revenue Funds	1,495,018	-	1,495,018
Capital Projects Funds	-	(226,332)	(226,332)
<b>Total Fund Balances (deficit)</b>	<b>1,539,974</b>	<b>(226,332)</b>	<b>1,313,642</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,673,604</b>	<b>\$ 1,836,486</b>	<b>\$ 5,510,090</b>

See accompanying Independent Auditors' Report

Kootenai County Comprehensive Annual Financial Report - FY 2006

KOOTENAI COUNTY, IDAHO  
 Combining Balance Sheet  
 Non-major Special Revenue Funds  
 September 30, 2006

	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue	Health District Special Revenue	Historical Society Special Revenue
<b>Assets</b>					
Cash and cash equivalents	\$ 97,866	\$ 146,923	\$ 86,166	\$ 237,155	\$ 10,950
Taxes delinquent-receivable	23,511	5,957	11,726	27,797	831
Accounts receivable, (net)	1,500	-	-	-	-
Interest receivable	-	-	-	-	-
Grants receivable	-	-	-	-	2,722
Prepays	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 122,877</b>	<b>\$ 152,880</b>	<b>\$ 97,892</b>	<b>\$ 264,952</b>	<b>\$ 14,503</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 39,612	\$ -	\$ 13,103	\$ 153,553	\$ 3,750
Deferred revenues	-	-	9,764	-	-
Deferred property taxes	20,999	5,477	10,426	25,088	762
Due to other funds	223,687	-	-	-	-
Leases payable-long term	83,265	-	-	-	-
<b>Total Liabilities</b>	<b>367,563</b>	<b>5,477</b>	<b>33,293</b>	<b>178,641</b>	<b>4,512</b>
<b>Fund Balances</b>					
Reserved for:					
Sheriff Snowmobile	-	-	-	-	-
Unreserved & Undesignated:					
Special Revenue Funds	(244,686)	147,403	64,599	86,311	9,991
<b>Total Fund Balances (deficit)</b>	<b>(244,686)</b>	<b>147,403</b>	<b>64,599</b>	<b>86,311</b>	<b>9,991</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 122,877</b>	<b>\$ 152,880</b>	<b>\$ 97,892</b>	<b>\$ 264,952</b>	<b>\$ 14,503</b>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO**  
**Combining Balance Sheet**  
**Non-major Special Revenue Funds**  
**September 30, 2006**

	Parks & Rec Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue	Public Access Special Revenue	Indigent Special Revenue
<b>Assets</b>					
Cash and cash equivalents	\$ 129,564	\$ 244,224	\$ 9,358	\$ 137,965	\$ 400
Taxes delinquent-receivable	8,442	-	-	-	66,654
Accounts receivable, (net)	-	-	11,106	-	-
Interest receivable	-	-	-	103	-
Grants receivable	-	6,029	25,867	-	-
Prepays	-	-	150	-	-
<b>Total Assets</b>	<b>\$ 138,006</b>	<b>\$ 250,253</b>	<b>\$ 46,481</b>	<b>\$ 138,068</b>	<b>\$ 67,054</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4,283	\$ 84	\$ 46,481	\$ -	\$ 26,611
Deferred revenues	-	-	-	-	-
Deferred property taxes	7,557	-	-	-	60,237
Due to other funds	-	-	34,014	-	673,000
Leases payable-long term	-	-	-	-	-
<b>Total Liabilities</b>	<b>11,840</b>	<b>84</b>	<b>80,495</b>	<b>-</b>	<b>759,848</b>
<b>Fund Balances</b>					
<b>Reserved for:</b>					
Sheriff Snowmobile	-	44,956	-	-	-
<b>Unreserved &amp; Undesignated:</b>					
Special Revenue Funds	126,166	205,213	(34,014)	138,068	(692,794)
<b>Total Fund Balances (deficit)</b>	<b>126,166</b>	<b>250,169</b>	<b>(34,014)</b>	<b>138,068</b>	<b>(692,794)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 138,006</b>	<b>\$ 250,253</b>	<b>\$ 46,481</b>	<b>\$ 138,068</b>	<b>\$ 67,054</b>

See accompanying Independent Auditors' Report

continued

Kootenai County Comprehensive Annual Financial Report - FY 2006

KOOTENAI COUNTY, IDAHO  
 Combining Balance Sheet  
 Non-major Special Revenue Funds  
 September 30, 2006

	FTA Public Trans Special Revenue	District Court Special Revenue	Revaluation Special Revenue	KCEMSS Special Revenue	Non-major Special Revenue Funds
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 516,352	\$ 520,506	\$ 796,443	\$ 2,933,872
Taxes delinquent-receivable	-	17,783	87,201	69,512	319,414
Accounts receivable, (net)	2,500	-	-	16,699	31,805
Interest receivable	-	-	-	-	103
Grants receivable	351,412	-	-	-	386,030
Prepays	-	-	2,230	-	2,380
<b>Total Assets</b>	<b>\$ 353,912</b>	<b>\$ 534,135</b>	<b>\$ 609,937</b>	<b>\$ 882,654</b>	<b>\$ 3,673,604</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 230,563	\$ 118,503	\$ 36,600	\$ -	\$ 673,143
Deferred revenues	-	26,128	-	-	35,892
Deferred property taxes	-	15,704	78,181	62,849	287,280
Due to other funds	123,349	-	-	-	1,054,050
Leases payable-long term	-	-	-	-	83,265
<b>Total Liabilities</b>	<b>353,912</b>	<b>160,335</b>	<b>114,781</b>	<b>62,849</b>	<b>2,133,630</b>
<b>Fund Balances</b>					
Reserved for other purposes					
Sheriff Snowmobile	-	-	-	-	44,956
Unreserved & Undesignated: Special Revenue Funds	-	373,800	495,156	819,805	1,495,018
<b>Total Fund Balances</b>	<b>-</b>	<b>373,800</b>	<b>495,156</b>	<b>819,805</b>	<b>1,539,974</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 353,912</b>	<b>\$ 534,135</b>	<b>\$ 609,937</b>	<b>\$ 882,654</b>	<b>\$ 3,673,604</b>

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO  
 Combining Balance Sheet  
 Non-major Capital Projects Funds  
 September 30, 2006

	General Construction Capital Projects	Centennial Trail Capital Projects	Total Non-major Capital Project Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 215	\$ 34,741	\$ 34,956
Grants receivable	1,801,530	-	1,801,530
<b>Total Assets</b>	<b>\$ 1,801,745</b>	<b>\$ 34,741</b>	<b>\$ 1,836,486</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 1,351,868	\$ -	\$ 1,351,868
Due to other funds	510,000	-	510,000
Unearned revenue	200,950	-	200,950
<b>Total Liabilities</b>	<b>2,062,818</b>	<b>-</b>	<b>2,062,818</b>
<b>Fund Balances</b>			
Unreserved & Undesignated: Capital Projects Funds	(261,073)	34,741	(226,332)
<b>Total Fund Balances (deficit)</b>	<b>(261,073)</b>	<b>34,741</b>	<b>(226,332)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,801,745</b>	<b>\$ 34,741</b>	<b>\$ 1,836,486</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended September 30, 2006**

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
<b>Revenues</b>			
Taxes	\$ 6,993,436	\$ -	\$ 6,993,436
Licenses and permits	133,805	-	133,805
Intergovernmental	1,650,925	4,395,950	6,046,875
Interest	33,872	-	33,872
Fines and forfeitures	807,513	-	807,513
Charges for services	744,144	-	744,144
Miscellaneous	320,586	302,239	622,825
<i>Total Revenues</i>	10,684,281	4,698,189	15,382,470
<b>Expenditures</b>			
Current:			
General government	6,103,759	-	6,103,759
Public works	642,272	-	642,272
Sanitation	489,756	-	489,756
Health & welfare	2,241,592	-	2,241,592
Culture and recreation	858,106	48,545	906,651
Capital projects	-	9,273	9,273
Debt service:			
Interest expense	4,539	-	4,539
Capital Outlay:			
Capital expenditures	253,262	12,485	265,747
Construction in progress	14,403	4,666,432	4,680,835
<i>Total Expenditures</i>	10,607,689	4,736,735	15,344,424
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	76,592	(38,546)	38,046
<b>Other Financing Sources</b>			
Transfers In	217,526	5,000	222,526
Transfers (out)	(30,039)	-	(30,039)
<i>Total Other Financing Sources</i>	187,487	5,000	192,487
<i>Net Change in Fund Balances</i>	264,079	(33,546)	230,533
<i>Fund Balances Beginning of Year (deficit)</i>	1,275,895	(192,786)	1,083,109
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ 1,539,974</b>	<b>\$ (226,332)</b>	<b>\$ 1,313,642</b>

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, 2006**

	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue	Health District Special Revenue	Historical Society Special Revenue
<b>Revenues</b>					
Taxes	\$ 536,906	\$ 102,023	\$ 286,816	\$ 585,019	\$ 15,282
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	261,412	-	2,659
Interest	-	-	-	-	-
Fines and forfeitures	250	-	-	-	-
Charges for services	59,211	-	423	-	-
Miscellaneous	59,924	-	6,183	-	-
<i>Total Revenues</i>	656,291	102,023	554,834	585,019	17,941
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public works	642,272	-	-	-	-
Sanitation	-	-	489,756	-	-
Health & welfare	-	-	-	614,212	-
Culture and recreation	-	100,000	-	-	17,659
Debt service:					
Interest expense	4,539	-	-	-	-
Capital Outlay:					
Capital expenditures	9,435	-	6,905	-	-
Construction in progress	13,041	-	-	-	-
<i>Total Expenditures</i>	669,287	100,000	496,661	614,212	17,659
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(12,996)	2,023	58,173	(29,193)	282
<b>Other Financing Sources</b>					
Transfers in	11,060	-	12,760	44,116	-
Transfers (out)	(1,400)	-	-	-	-
<i>Total Other Financing Sources</i>	9,660	-	12,760	44,116	-
<i>Net Change in Fund Balances</i>	(3,336)	2,023	70,933	14,923	282
<i>Fund Balances Beginning of Year (deficit)</i>	(241,350)	145,380	(6,334)	71,388	9,709
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ (244,686)</b>	<b>\$ 147,403</b>	<b>\$ 64,599</b>	<b>\$ 86,311</b>	<b>\$ 9,991</b>

See accompanying Independent Auditors' Report

continued

Kootenai County Comprehensive Annual Financial Report - FY 2006

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Special Revenue Funds**  
**For the Year Ended September 30, 2006**

	Parks & Rec. Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue	Public Access Special Revenue	Indigent Special Revenue
<b>Revenues</b>					
Taxes	\$ 199,987	\$ -	\$ -	\$ -	\$ 1,395,713
Licenses and permits	45	96,250	780	-	-
Intergovernmental	-	13,222	437,301	7,628	-
Interest	-	-	-	9,826	-
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	3,472	-	-
Miscellaneous	1,000	800	13,294	(95)	236,556
<i>Total Revenues</i>	201,032	110,272	454,847	17,359	1,632,269
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Sanitation	-	-	-	-	-
Health & welfare	-	-	-	-	1,627,380
Culture and recreation	188,688	84,909	466,795	55	-
Debt service:	-	-	-	-	-
Interest expense	-	-	-	-	-
Capital Outlay:					
Capital expenditures	38,265	19,788	81,705	-	-
Construction in progress	-	-	1,362	-	-
<i>Total Expenditures</i>	226,953	104,697	549,862	55	1,627,380
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(25,921)	5,575	(95,015)	17,304	4,889
<b>Other Financing Sources</b>					
Transfers in	4,017	-	40,324	-	7,019
Transfers (out)	-	-	-	-	(12,939)
<i>Total Other Financing Sources</i>	4,017	-	40,324	-	(5,920)
<i>Net Change in Fund Balances</i>	(21,904)	5,575	(54,691)	17,304	(1,031)
<i>Fund Balances Beginning of Year (deficit)</i>	148,070	244,594	20,677	120,764	(691,763)
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ 126,166</b>	<b>\$ 250,169</b>	<b>\$ (34,014)</b>	<b>\$ 138,068</b>	<b>\$ (692,794)</b>

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Special Revenue Funds**  
**For the Year Ended September 30, 2006**

	FTA Public Trans Special Revenue	District Court Special Revenue	Revaluation Special Revenue	Kootenai Emergency Management Special Revenue	Total Non-major Special Revenue Funds
<b>Revenues</b>					
Taxes	\$ -	\$ 517,047	\$ 1,954,369	\$ 1,400,274	\$ 6,993,436
Licenses and permits	-	-	-	36,730	133,805
Intergovernmental	793,180	83,129	(2,213)	54,607	1,650,925
Interest	-	-	-	24,046	33,872
Fines and forfeitures	-	807,263	-	-	807,513
Charges for services	524,388	155,076	1,574	-	744,144
Miscellaneous	-	2,924	-	-	320,586
<i>Total Revenues</i>	1,317,568	1,565,439	1,953,730	1,515,657	10,684,281
<b>Expenditures</b>					
Current:					
General government	1,317,568	1,497,762	1,819,621	1,468,808	6,103,759
Public works	-	-	-	-	642,272
Sanitation	-	-	-	-	489,756
Health & welfare	-	-	-	-	2,241,592
Culture and recreation	-	-	-	-	858,106
Debt service:					
Interest expense	-	-	-	-	4,539
Capital Outlay:					
Capital expenditures	-	68,164	29,000	-	253,262
Construction in progress	-	-	-	-	14,403
<i>Total Expenditures</i>	1,317,568	1,565,926	1,848,621	1,468,808	10,607,689
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	(487)	105,109	46,849	76,592
<b>Other Financing Sources</b>					
Transfers in	-	49,572	48,658	-	217,526
Transfers (out)	-	-	(15,700)	-	(30,039)
<i>Total Other Financing Sources</i>	-	49,572	32,958	-	187,487
<i>Net Change in Fund Balances</i>	-	49,085	138,067	46,849	264,079
<i>Fund Balances Beginning of Year (deficit)</i>	-	324,715	357,089	772,956	1,275,895
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ -</b>	<b>\$ 373,800</b>	<b>\$ 495,156</b>	<b>\$ 819,805</b>	<b>\$ 1,539,974</b>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Capital Projects Funds**  
**For the Year Ended September 30, 2006**

	General Construction Capital Projects	Centennial Trail Capital Projects	Total Non-major Capital Projects Funds
<b>Revenues</b>			
Intergovernmental	\$ 4,395,950	\$ -	\$ 4,395,950
Miscellaneous	292,239	10,000	302,239
<i>Total Revenues</i>	4,688,189	10,000	4,698,189
<b>Expenditures</b>			
Current:			
Culture and recreation	-	48,545	48,545
Capital projects	9,273	-	9,273
Capital Outlay:			
Capital expenditures	12,485	-	12,485
Construction in progress	4,666,432	-	4,666,432
<i>Total Expenditures</i>	4,688,190	48,545	4,736,735
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(1)	(38,545)	(38,546)
<b>Other Financing Sources</b>			
Transfers in	-	5,000	5,000
<i>Total Other Financing Sources</i>	-	5,000	5,000
<i>Net Change in Fund Balances</i>	(1)	(33,545)	(33,546)
<i>Fund Balances Beginning of Year (deficit)</i>	(261,072)	68,286	(192,786)
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ (261,073)</b>	<b>\$ 34,741</b>	<b>\$ (226,332)</b>

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, 2006**

	Airport Special Revenue Fund			County Fair Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 522,570	\$ 536,906	\$ 14,336	\$ 100,000	\$ 102,022	\$ 2,022
Fines and forfeitures	-	250	250	-	-	-
Charges for services	60,500	59,211	(1,289)	-	-	-
Miscellaneous	210,000	59,924	(150,076)	-	-	-
<i>Total Revenues</i>	793,070	656,291	(136,779)	100,000	102,022	2,022
<b>Expenditures</b>						
Current:						
Public works	682,730	642,272	40,458	-	-	-
Culture and recreation	-	-	-	100,000	100,000	-
Debt Service:						
Interest expense	-	4,539	(4,539)	-	-	-
Capital outlay:						
Capital expenditures	120,000	9,435	110,565	-	-	-
Construction in progress	-	13,041	(13,041)	-	-	-
<i>Total Expenditures</i>	802,730	669,287	133,443	100,000	100,000	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(9,660)	(12,996)	(3,336)	-	2,022	2,022
<b>Other Financing Sources</b>						
Transfers In	11,060	11,060	-	-	-	-
Transfers (out)	(1,400)	(1,400)	-	-	-	-
<i>Total Other Financing Sources</i>	9,660	9,660	-	-	-	-
<i>Net Change in Fund Balances</i>	-	(3,336)	(3,336)	-	2,022	2,022
<i>Fund Balances Beginning of Year (deficit)</i>	(241,350)	(241,350)	-	145,380	145,380	-
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ (241,350)</b>	<b>\$ (244,686)</b>	<b>\$ (3,336)</b>	<b>\$ 145,380</b>	<b>\$ 147,402</b>	<b>\$ 2,022</b>

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, 2006**

	Noxious Weeds Special Revenue Fund			Health District Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 278,871	\$ 286,816	\$ 7,945	\$ 570,097	\$ 585,019	\$ 14,922
Licenses and permits	-	-	-	-	-	-
Intergovernmental	25,425	261,412	235,987	-	-	-
Charges for services	1,000	423	(577)	-	-	-
Miscellaneous	15,100	6,183	(8,917)	-	-	-
<i>Total Revenues</i>	320,396	554,834	234,438	570,097	585,019	14,922
<b>Expenditures</b>						
Current:						
Sanitation	320,156	489,756	(169,600)	-	-	-
Health & welfare	-	-	-	614,212	614,212	-
Capital outlay:						
Capital expenditures	13,000	6,905	6,095	-	-	-
<i>Total Expenditures</i>	333,156	496,661	(163,505)	614,212	614,212	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(12,760)	58,173	70,933	(44,115)	(29,193)	14,922
<b>Other Financing Sources</b>						
Transfers In	12,760	12,760	-	44,116	44,116	-
<i>Total Other Financing Sources</i>	12,760	12,760	-	44,116	44,116	-
<i>Net Change in Fund Balances</i>	-	70,933	70,933	1	14,923	14,922
<i>Fund Balances Beginning of Year (deficit)</i>	(6,334)	(6,334)	-	71,388	71,388	-
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ (6,334)</b>	<b>\$ 64,599</b>	<b>\$ 70,933</b>	<b>\$ 71,389</b>	<b>\$ 86,311</b>	<b>\$ 14,922</b>

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, 2006**

	Historical Society Special Revenue Fund			Parks & Recreation Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 15,000	\$ 15,282	\$ 282	\$ 196,301	\$ 199,987	\$ 3,686
Licenses and permits	-	-	-	-	45	45
Intergovernmental	-	2,659	2,659	-	-	-
Miscellaneous	-	-	-	-	1,000	1,000
<i>Total Revenues</i>	15,000	17,941	2,941	196,301	201,032	4,731
<b>Expenditures</b>						
Current:						
Culture and recreation	15,000	17,659	(2,659)	197,318	188,688	8,630
Capital outlay:						
Capital expenditures	-	-	-	3,000	38,265	(35,265)
<i>Total Expenditures</i>	15,000	17,659	(2,659)	200,318	226,953	(26,635)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	282	282	(4,017)	(25,921)	(21,904)
<b>Other Financing Sources</b>						
Transfers In	-	-	-	4,017	4,017	-
<i>Total Other Financing Sources</i>	-	-	-	4,017	4,017	-
<i>Net Change in Fund Balances</i>	-	282	282	-	(21,904)	(21,904)
<i>Fund Balances Beginning of Year</i>	9,709	9,709	-	148,070	148,070	-
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ 9,709</b>	<b>\$ 9,991</b>	<b>\$ 282</b>	<b>\$ 148,070</b>	<b>\$ 126,166</b>	<b>\$ (21,904)</b>

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, 2006**

	Snowmobile Special Revenue Fund			County Vessel Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Licenses and permits	\$ 79,000	\$ 96,250	\$ 17,250	\$ -	\$ 780	\$ 780
Intergovernmental	-	13,222	13,222	408,813	437,301	28,488
Charges for services	-	-	-	-	3,472	3,472
Miscellaneous	19,241	800	(18,441)	4,564	13,294	8,730
<i>Total Revenues</i>	98,241	110,272	12,031	413,377	454,847	41,470
<b>Expenditures</b>						
Current:						
Culture and recreation	88,241	84,909	3,332	418,701	466,795	(48,094)
Capital outlay:						
Capital expenditures	-	19,788	(19,788)	35,000	81,705	(46,705)
Construction in progress	-	-	-	-	1,362	(1,362)
<i>Total Expenditures</i>	88,241	104,697	(16,456)	453,701	549,862	(96,161)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	10,000	5,575	(4,425)	(40,324)	(95,015)	(54,691)
<b>Other Financing Sources</b>						
Transfers In	-	-	-	40,324	40,324	-
<i>Total Other Financing Sources</i>	-	-	-	40,324	40,324	-
<i>Net Change in Fund Balances</i>	10,000	5,575	(4,425)	-	(54,691)	(54,691)
<i>Fund Balances Beginning of Year</i>	244,594	244,594	-	20,677	20,677	-
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ 254,594</b>	<b>\$ 250,169</b>	<b>\$ (4,425)</b>	<b>\$ 20,677</b>	<b>\$ (34,014)</b>	<b>\$ (54,691)</b>

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, 2006**

	Public Access Special Revenue Fund			Indigent Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,359,775	\$ 1,395,713	\$ 35,938
Intergovernmental	10,000	7,628	(2,372)	-	-	-
Interest	8,000	9,826	1,826	-	-	-
Miscellaneous	-	(95)	(95)	275,000	236,556	(38,444)
<i>Total Revenues</i>	18,000	17,359	(641)	1,634,775	1,632,269	(2,506)
<b>Expenditures</b>						
Current:						
Health & welfare	-	-	-	1,640,394	1,627,380	13,014
Culture and recreation	18,000	55	17,945	-	-	-
<i>Total Expenditures</i>	18,000	55	17,945	1,640,394	1,627,380	13,014
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	17,304	17,304	(5,619)	4,889	10,508
<b>Other Financing Sources</b>						
Transfers In	-	-	-	7,019	7,019	-
Transfers (out)	-	-	-	(1,400)	(12,939)	(11,539)
<i>Total Other Financing Sources</i>	-	-	-	5,619	(5,920)	(11,539)
<i>Net Change in Fund Balances</i>	-	17,304	17,304	-	(1,031)	(1,031)
<i>Fund Balances Beginning of Year (deficit)</i>	120,764	120,764	-	(691,763)	(691,763)	-
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ 120,764</b>	<b>\$ 138,068</b>	<b>\$ 17,304</b>	<b>\$ (691,763)</b>	<b>\$ (692,794)</b>	<b>\$ (1,031)</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
 Schedule 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, 2006

	FTA Public Transportation Special Revenue Fund			District Court Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 510,576	\$ 517,047	\$ 6,471
Intergovernmental	696,706	793,180	96,474	-	83,129	83,129
Fines and forfeitures	-	-	-	758,800	807,263	48,463
Charges for services	471,020	524,388	53,368	142,060	155,076	13,016
Miscellaneous	-	-	-	-	2,924	2,924
<i>Total Revenues</i>	<u>1,167,726</u>	<u>1,317,568</u>	<u>149,842</u>	<u>1,411,436</u>	<u>1,565,439</u>	<u>154,003</u>
<b>Expenditures</b>						
Current:						
General government	1,167,726	1,317,568	(149,842)	1,436,999	1,497,762	(60,763)
Capital outlay:						
Capital expenditures	-	-	-	24,009	68,164	(44,155)
<i>Total Expenditures</i>	<u>1,167,726</u>	<u>1,317,568</u>	<u>(149,842)</u>	<u>1,461,008</u>	<u>1,565,926</u>	<u>(104,918)</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	-	(49,572)	(487)	49,085
<i>Other Financing Sources</i>						
Transfers In	-	-	-	49,572	49,572	-
<i>Total Other Financing Sources</i>	-	-	-	49,572	49,572	-
<i>Net Change in Fund Balances</i>	-	-	-	-	49,085	49,085
<i>Fund Balances Beginning of Year</i>	-	-	-	324,715	324,715	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 324,715</b>	<b>\$ 373,800</b>	<b>\$ 49,085</b>

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, 2006**

	Revaluation Special Revenue Fund			Kootenai Emergency Management Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 1,905,146	\$ 1,954,369	\$ 49,223	\$ 1,355,192	\$ 1,400,274	\$ 45,082
Licenses and permits	-	(2,213)	(2,213)	25,000	36,730	11,730
Intergovernmental	-	-	-	25,000	54,607	29,607
Interest	-	-	-	-	24,046	24,046
Charges for services	2,000	1,574	(426)	-	-	-
<i>Total Revenues</i>	1,907,146	1,953,730	46,584	1,405,192	1,515,657	110,465
<b>Expenditures</b>						
Current:						
General government	1,910,104	1,819,621	90,483	1,405,192	1,468,808	(63,616)
Capital outlay:						
Capital expenditures	30,000	29,000	1,000	-	-	-
<i>Total Expenditures</i>	1,940,104	1,848,621	91,483	1,405,192	1,468,808	(63,616)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(32,958)	105,109	138,067	-	46,849	46,849
<b>Other Financing Sources</b>						
Transfers In	48,658	48,658	-	-	-	-
Transfers (out)	(15,700)	(15,700)	-	-	-	-
<i>Total Other Financing Sources</i>	32,958	32,958	-	-	-	-
<i>Net Change in Fund Balances</i>	-	138,067	138,067	-	46,849	46,849
<i>Fund Balances Beginning of Year</i>	357,089	357,089	-	772,956	772,956	-
<b>Fund Balances End of Year</b>	<b>\$ 357,089</b>	<b>\$ 495,156</b>	<b>\$ 138,067</b>	<b>\$ 772,956</b>	<b>\$ 819,805</b>	<b>\$ 46,849</b>

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, 2006

	General Construction Capital Project Fund			Centennial Trail Capital Project Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Intergovernmental	\$ 3,812,510	\$ 4,395,950	\$ 583,440	\$ -	\$ -	\$ -
Miscellaneous	110,000	292,239	182,239	10,000	10,000	-
<i>Total Revenues</i>	3,922,510	4,688,189	765,679	10,000	10,000	-
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	15,000	48,545	(33,545)
Capital projects	-	9,273	(9,273)	-	-	-
Capital outlay:						
Capital expenditures	12,485	12,485	-	-	-	-
Construction in progress	3,910,026	4,666,432	(756,406)	-	-	-
<i>Total Expenditures</i>	3,922,511	4,688,190	(765,679)	15,000	48,545	(33,545)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(1)	(1)	-	(5,000)	(38,545)	(33,545)
<b>Other Financing Sources</b>						
Transfers In	-	-	-	5,000	5,000	-
<i>Total Other Financing Sources</i>	-	-	-	5,000	5,000	-
<i>Net Change in Fund Balances</i>	(1)	(1)	-	-	(33,545)	(33,545)
<i>Fund Balances Beginning of Year (deficit)</i>	(261,072)	(261,072)	-	68,286	68,286	-
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ (261,073)</b>	<b>\$ (261,073)</b>	<b>\$ -</b>	<b>\$ 68,286</b>	<b>\$ 34,741</b>	<b>\$ (33,545)</b>

See accompanying Independent Auditors' Report

Internal Service & Health Insurance Funds

**Internal service funds** are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and its other government units, on a cost reimbursement basis.

**Health Insurance Fund** — Kootenai County's self insurance fund is used to account for the Health Insurance activities and costs provided to the County's primary government departments or agencies on a cost reimbursement basis.

KOOTENAI COUNTY, IDAHO  
 Statement of Net Assets  
 Health Insurance Internal Service Fund  
 September 30, 2006 (with comparative totals for 2005)

	Governmental-type Activity	
	2006	2005
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 931,237	\$ 343,478
Accounts receivable, (net)	-	4,495
Total Current Assets	931,237	347,973
<b>Total Assets</b>	<b>\$ 931,237</b>	<b>\$ 347,973</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 239,461	\$ 293,739
Payable accruals	312,613	-
Total Current Liabilities	552,074	293,739
<b>Total Liabilities</b>	552,074	293,739
<b>Net Assets</b>		
Unrestricted	379,163	54,234
<b>Total Net Assets</b>	379,163	54,234
<b>Total Liabilities and Net Assets</b>	<b>\$ 931,237</b>	<b>\$ 347,973</b>

*See accompanying Independent Auditors' Report*

**KOOTENAI COUNTY, IDAHO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Health Insurance Internal Service Fund**  
**For the Year Ended September 30, 2006 (with comparative totals for 2005)**

	Governmental-type activity	
	2006	2005
<b>Operating Revenues</b>		
Charges for services	\$ 4,339,967	\$ 4,028,780
Total Operating Revenues	4,339,967	4,028,780
<b>Operating Expenses</b>		
Personal services	11,188	12,693
Professional services	4,079,904	3,662,007
Other services and expenses	1,300	-
Total Operating Expenses	4,092,392	3,674,700
Operating Income	247,575	354,080
<b>Non-Operating Revenues (Expenses)</b>		
Intergovernmental revenues	77,354	98,444
Total Non-Operating Revenues	77,354	98,444
Change in Net Assets	324,929	452,524
Net Assets Beginning of Year (deficit)	54,234	(398,290)
<b>Net Assets End of Year</b>	<b>\$ 379,163</b>	<b>\$ 54,234</b>

*See accompanying Independent Auditors' Report*

Kootenai County Comprehensive Annual Financial Report - FY 2006

KOOTENAI COUNTY, IDAHO  
Statement of Cash Flow  
Health Insurance Internal Service Fund  
For the Year Ended September 30, 2006 (with comparative totals for 2005)

	Internal Service Fund Health Insurance	
	2006	2005
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$ 4,344,462	\$ 4,030,455
Cash Payments to Employees	(11,188)	(38,782)
Cash Payments for Goods and Services	(3,822,869)	(3,921,795)
Net Cash Provided by Operating Activities	510,405	69,878
<b>Cash Flows from Noncapital Financing Activities</b>		
Intergovernmental Revenues	77,354	98,444
Net Cash used by noncapital financing activities	77,354	98,444
Net Increase in Cash and Cash Equivalents	587,759	168,322
Cash and Cash Equivalents Beginning of Year	343,478	175,156
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 931,237</b>	<b>\$ 343,478</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 247,575	\$ 354,080
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>		
<i>(Increase) Decrease in Assets:</i>		
Accounts Receivable	4,495	1,675
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable	(54,278)	(259,788)
Payable Accruals	312,613	(26,089)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 510,405</b>	<b>\$ 69,878</b>

*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 other individuals, private organizations, other governmental units, and or other funds. Kootenai County maintains agency funds and expendable 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** - are used to account for property tax receipts and other assets collected by the County for other taxing districts.

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2006**  
**With Comparative Totals for September 30, 2005**

	Agency Funds			
	State of Idaho	Cities	Highway Districts	School Districts
<b>Assets</b>				
Cash in bank and investments	\$ 1,201,915	\$ 192,905	\$ 32,568	\$ 367,665
Receivables:				
Taxes delinquent	27,484	759,319	228,315	1,912,783
Accounts receivable, (net)	-	392,136	100,545	-
<b>Total Assets</b>	<b>\$ 1,229,399</b>	<b>\$ 1,344,360</b>	<b>\$ 361,428</b>	<b>\$ 2,280,448</b>
<b>Liabilities</b>				
Due to other governments	\$ 1,229,399	\$ 1,344,360	\$ -	\$ -
Due to other individuals	-	-	-	-
Due to other taxing districts	-	-	361,428	2,280,448
<b>Total Liabilities</b>	<b>1,229,399</b>	<b>1,344,360</b>	<b>361,428</b>	<b>2,280,448</b>
<b>Net Assets</b>				
<b>Held in trust for other purposes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report

*continued*

KOOTENAI COUNTY, IDAHO  
 Combining Statement of Fiduciary Assets and Liabilities  
 Fiduciary Funds  
 September 30, 2006  
 With Comparative Totals for September 30, 2005

	Agency Funds			
	Fire Districts	Public Library	Water & Sewer Districts	North Idaho College
<b>Assets</b>				
Cash in bank and investments	\$ 57,177	\$ 9,498	\$ 2,379	\$ 45,177
Receivables:				
Taxes delinquent	258,500	112,791	20,502	282,164
Accounts receivable, (net)	101,121	19,996	2,226	121,875
<b>Total Assets</b>	<b>\$ 416,798</b>	<b>\$ 142,285</b>	<b>\$ 25,107</b>	<b>\$ 449,216</b>
<b>Liabilities</b>				
Due to other governments	\$ -	\$ -	\$ -	\$ 449,216
Due to other individuals	-	-	-	-
Due to other taxing districts	416,798	142,285	25,107	-
<b>Total Liabilities</b>	<b>416,798</b>	<b>142,285</b>	<b>25,107</b>	<b>449,216</b>
<b>Net Assets</b>				
<b>Held in trust for other purposes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report

continued

Kootenai County Comprehensive Annual Financial Report - FY 2006

KOOTENAI COUNTY, IDAHO  
 Combining Statement of Fiduciary Assets and Liabilities  
 Fiduciary Funds  
 September 30, 2006  
 With Comparative Totals for September 30, 2005

	Agency Funds		Totals	
	Public Hospital	Urban Renewal Districts	2006	2005
<b>Assets</b>				
Cash in bank and investments	\$ -	\$ 3,832	\$ 1,913,116	\$ 1,550,888
Receivables:				
Taxes delinquent	-	289,683	3,891,541	3,233,437
Accounts receivable, (net)	3,144	-	741,043	641,513
<b>Total Assets</b>	<b>\$ 3,144</b>	<b>\$ 293,515</b>	<b>\$ 6,545,700</b>	<b>\$ 5,425,838</b>
<b>Liabilities</b>				
Due to other governments	\$ -	\$ -	\$ 3,022,975	\$ 2,639,510
Due to other individuals	3,144	-	3,144	3,144
Due to other taxing districts	-	293,515	3,519,581	2,783,184
<b>Total Liabilities</b>	<b>3,144</b>	<b>293,515</b>	<b>6,545,700</b>	<b>5,425,838</b>
<b>Net Assets</b>				
<b>Held in trust for other purposes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report

*continued*

KOOTENAI COUNTY, IDAHO  
 Combining Statement of Fiduciary Assets and Liabilities  
 Fiduciary Funds  
 September 30, 2006  
 With Comparative Totals for September 30, 2005

	Private Purpose Trust Funds	
	2006	2005
<b>Assets</b>		
Cash in bank and investments	\$ 6,596,351	\$ 6,293,191
Receivables:		
Taxes delinquent	37,095	23,617
Accounts receivable, (net)	3,138	-
<b>Total Assets</b>	<b>\$ 6,636,584</b>	<b>\$ 6,316,808</b>
<b>Liabilities</b>		
Accounts payable	\$ 170,908	\$ 42,343
Deferred compensation payable	1,923,081	2,019,131
Deferred property taxes	140,017	202,989
Due to other individuals	12,620	8,013
<b>Total Liabilities</b>	<b>2,246,626</b>	<b>2,272,476</b>
<b>Net Assets</b>		
<b>Held in trust for other purposes</b>	<b>\$ 4,389,958</b>	<b>\$ 4,044,332</b>

*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, 2006**

	Agency Funds			
	Balance 10/1/05	Additions	Deletions	Balance 9/30/06
<b><i>State of Idaho</i></b>				
<b>Assets</b>				
Cash in bank and investments	\$ 1,143,094	\$ 13,742,991	\$ 13,684,170	\$ 1,201,915
Receivables:				
Taxes delinquent	24,934	440,163	437,613	27,484
<b>Total Assets</b>	<b>1,168,028</b>	<b>14,183,154</b>	<b>14,121,783</b>	<b>1,229,399</b>
<b>Liabilities</b>				
Due to other governments	1,168,028	14,183,154	14,121,783	1,229,399
<b>Total Liabilities</b>	<b>\$ 1,168,028</b>	<b>\$ 14,183,154</b>	<b>\$ 14,121,783</b>	<b>\$ 1,229,399</b>
<b><i>Cities</i></b>				
<b>Assets</b>				
Cash in bank and investments	\$ 129,665	\$ 24,632,742	\$ 24,569,502	\$ 192,905
Receivables:				
Taxes delinquent	672,165	21,534,135	21,446,981	759,319
Accounts receivable, (net)	325,382	392,136	325,382	392,136
<b>Total Assets</b>	<b>1,127,212</b>	<b>46,559,013</b>	<b>46,341,865</b>	<b>1,344,360</b>
<b>Liabilities</b>				
Due to other governments	1,127,212	46,559,013	46,341,865	1,344,360
<b>Total Liabilities</b>	<b>\$ 1,127,212</b>	<b>\$ 46,559,013</b>	<b>\$ 46,341,865</b>	<b>\$ 1,344,360</b>
<b><i>Highway Districts</i></b>				
<b>Assets</b>				
Cash in bank and investments	\$ 19,506	\$ 6,148,506	\$ 6,135,444	\$ 32,568
Receivables:				
Taxes delinquent	206,804	5,939,849	5,918,338	228,315
Accounts receivable, (net)	92,383	100,555	92,393	100,545
<b>Total Assets</b>	<b>318,693</b>	<b>12,188,910</b>	<b>12,146,175</b>	<b>361,428</b>
<b>Liabilities</b>				
Due to other taxing districts	318,693	12,188,910	12,146,175	361,428
<b>Total Liabilities</b>	<b>\$ 318,693</b>	<b>\$ 12,188,910</b>	<b>\$ 12,146,175</b>	<b>\$ 361,428</b>
<b><i>School Districts</i></b>				
<b>Assets</b>				
Cash in bank and investments	\$ 187,378	\$ 54,248,410	\$ 54,068,123	\$ 367,665
Receivables:				
Taxes delinquent	1,625,254	52,791,610	52,504,081	1,912,783
<b>Total Assets</b>	<b>1,812,632</b>	<b>107,040,020</b>	<b>106,572,204</b>	<b>2,280,448</b>
<b>Liabilities</b>				
Due to other taxing districts	1,812,632	107,040,020	106,572,204	2,280,448
<b>Total Liabilities</b>	<b>\$ 1,812,632</b>	<b>\$ 107,040,020</b>	<b>\$ 106,572,204</b>	<b>\$ 2,280,448</b>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**For the Fiscal Year Ended September 30, 2006**

	Agency Funds			
	Balance 10/1/05	Additions	Deletions	Balance 9/30/06
<b>Fire Districts</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 36,835	\$ 9,183,661	\$ 9,163,319	\$ 57,177
Receivables:				
Taxes delinquent	291,216	8,668,045	8,700,761	258,500
Accounts receivable, (net)	88,772	101,121	88,772	101,121
<b>Total Assets</b>	<b>416,823</b>	<b>17,952,827</b>	<b>17,952,852</b>	<b>416,798</b>
<b>Liabilities</b>				
Due to other taxing districts	416,823	17,952,827	17,952,852	416,798
<b>Total Liabilities</b>	<b>\$ 416,823</b>	<b>\$ 17,952,827</b>	<b>\$ 17,952,852</b>	<b>\$ 416,798</b>
<b>Public Library</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 5,794	\$ 1,565,073	\$ 1,561,369	\$ 9,498
Receivables:				
Taxes delinquent	103,131	1,465,893	1,456,233	112,791
Accounts receivable, (net)	18,485	19,996	18,485	19,996
<b>Total Assets</b>	<b>127,410</b>	<b>3,050,962</b>	<b>3,036,087</b>	<b>142,285</b>
<b>Liabilities</b>				
Due to other taxing districts	127,410	3,050,962	3,036,087	142,285
<b>Total Liabilities</b>	<b>\$ 127,410</b>	<b>\$ 3,050,962</b>	<b>\$ 3,036,087</b>	<b>\$ 142,285</b>
<b>Water &amp; Sewer Districts</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 2,025	\$ 252,186	\$ 251,832	\$ 2,379
Receivables:				
Taxes delinquent	25,615	231,587	236,700	20,502
Accounts receivable, (net)	2,067	2,226	2,067	2,226
<b>Total Assets</b>	<b>29,707</b>	<b>485,999</b>	<b>490,599</b>	<b>25,107</b>
<b>Liabilities</b>				
Due to other taxing districts	29,707	485,999	490,599	25,107
<b>Total Liabilities</b>	<b>\$ 29,707</b>	<b>\$ 485,999</b>	<b>\$ 490,599</b>	<b>\$ 25,107</b>
<b>North Idaho College</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 22,888	\$ 7,639,920	\$ 7,617,631	\$ 45,177
Receivables:				
Taxes delinquent	210,112	7,108,666	7,036,614	282,164
Accounts receivable, (net)	111,270	121,875	111,270	121,875
<b>Total Assets</b>	<b>344,270</b>	<b>14,870,461</b>	<b>14,765,515</b>	<b>449,216</b>
<b>Liabilities</b>				
Due to other governments	344,270	14,870,461	14,765,515	449,216
<b>Total Liabilities</b>	<b>\$ 344,270</b>	<b>\$ 14,870,461</b>	<b>\$ 14,765,515</b>	<b>\$ 449,216</b>

See accompanying Independent Auditors' Report

continued

Kootenai County Comprehensive Annual Financial Report - FY 2006

**KOOTENAI COUNTY, IDAHO**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**For the Fiscal Year Ended September 30, 2006**

	Agency Funds			
	Balance 10/1/05	Additions	Deletions	Balance 9/30/06
<b><i>Kootenai County Public Hospital</i></b>				
<b>Assets</b>				
Receivables:				
Accounts receivable, (net)	\$ 3,144	\$ 3,144	\$ 3,144	\$ 3,144
<b>Total Assets</b>	<b>3,144</b>	<b>3,144</b>	<b>3,144</b>	<b>3,144</b>
<b>Liabilities</b>				
Due to other individuals	3,144	3,144	3,144	3,144
<b>Total Liabilities</b>	<b>\$ 3,144</b>	<b>\$ 3,144</b>	<b>\$ 3,144</b>	<b>\$ 3,144</b>
<b><i>Urban Renewal Districts</i></b>				
<b>Assets</b>				
Cash in bank and investments	\$ 3,703	\$ 2,434,462	\$ 2,434,333	\$ 3,832
Receivables:				
Taxes delinquent	74,206	3,564,985	3,349,508	289,683
<b>Total Assets</b>	<b>77,909</b>	<b>5,999,447</b>	<b>5,783,841</b>	<b>293,515</b>
<b>Liabilities</b>				
Due to other taxing districts	77,909	5,999,447	5,783,841	293,515
<b>Total Liabilities</b>	<b>\$ 77,909</b>	<b>\$ 5,999,447</b>	<b>\$ 5,783,841</b>	<b>\$ 293,515</b>
<b><i>Trust Funds</i></b>				
Private Purpose Trust Funds				
<b>Assets</b>				
Cash in bank and investments	\$ 6,293,191	\$ 9,917,279	\$ 9,614,119	\$ 6,596,351
Receivables:				
Taxes delinquent	23,617	105,114	91,636	37,095
Accounts receivable, (net)	-	3,138	-	3,138
<b>Total Assets</b>	<b>6,316,808</b>	<b>10,025,531</b>	<b>9,705,755</b>	<b>6,636,584</b>
<b>Liabilities</b>				
Accounts payable	42,343	6,465,808	6,337,243	170,908
Deferred compensation payable	2,019,131	-	96,050	1,923,081
Deferred property taxes	202,989	355,530	418,502	140,017
Due to other funds	4,044,332	812,545	466,919	4,389,958
Due to other individuals	8,013	10,142	5,535	12,620
<b>Total Liabilities</b>	<b>\$ 6,316,808</b>	<b>\$ 7,644,025</b>	<b>\$ 7,324,249</b>	<b>\$ 6,636,584</b>

See accompanying Independent Auditors' Report

# Statistical Section

The budding of Spring and the harvest of Fall.



*Photo by: Paul Jacobson*



*Photo by: Ron Harbison*

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 . . . . .	112
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity . . . . .	118
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity . . . . .	127
<i>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.</i>	
Demographic and Economic Information. . . . .	129
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information . . . . .	132
<i>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.</i>	

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 Five Fiscal Years  
 (accrual basis of accounting)  
 (amounts expressed in thousands)

	<u>Fiscal Year</u>				
	2002	2003	2004	2005	2006
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 29,841	\$ 31,012	\$ 32,657	\$ 35,833	\$ 44,717
Restricted	5,057	364	4,475	13,407	7,398
Unrestricted	7,601	8,035	10,650	14,879	18,788
<b>Total governmental activities net assets</b>	<b>\$ 42,499</b>	<b>\$ 39,411</b>	<b>\$ 47,782</b>	<b>\$ 64,119</b>	<b>\$ 70,903</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 1,437	\$ 2,830	\$ 1,883	\$ 3,350	\$ 3,134
Restricted	2,912	3,249	3,938	3,707	15,955
Unrestricted	17,461	18,561	20,702	22,821	13,924
<b>Total business-type activities net assets</b>	<b>\$ 21,810</b>	<b>\$ 24,640</b>	<b>\$ 26,523</b>	<b>\$ 29,878</b>	<b>\$ 33,013</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 31,278	\$ 33,842	\$ 34,540	\$ 39,183	\$ 47,851
Restricted	7,969	3,613	8,413	17,114	23,353
Unrestricted	25,062	26,596	31,352	37,700	32,712
<b>Total primary government net assets</b>	<b>\$ 64,309</b>	<b>\$ 64,051</b>	<b>\$ 74,305</b>	<b>\$ 93,997</b>	<b>\$ 103,916</b>

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

	<u>Fiscal Year</u>				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 19,115	\$ 22,652	\$ 22,805	\$ 22,099	\$ 24,302
Public Works	932	1,550	1,759	2,015	2,246
Public Safety	19,902	18,029	18,421	21,565	23,289
Sanitation weed control	282	231	297	333	538
Health and welfare	2,168	2,095	2,614	2,940	2,912
Culture and recreation	214	867	959	966	1,100
Capital projects	131	28	64	73	9
Interest on long-term debt	793	754	640	519	169
<b>Total governmental activities expenses</b>	<b>43,537</b>	<b>46,206</b>	<b>47,559</b>	<b>50,510</b>	<b>54,565</b>
<b>Business-type activities:</b>					
Solid waste and landfill	6,162	5,076	6,509	5,898	7,377
<b>Total business-type activities expenses</b>	<b>6,162</b>	<b>5,076</b>	<b>6,509</b>	<b>5,898</b>	<b>7,377</b>
<b>Total primary government expenses</b>	<b>\$ 49,699</b>	<b>\$ 51,282</b>	<b>\$ 54,068</b>	<b>\$ 56,408</b>	<b>\$ 61,942</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government	\$ 8,887	\$ 8,627	\$ 9,481	\$ 11,154	\$ 12,247
Public safety	5,269	6,670	7,946	8,495	9,897
Culture and recreation	455	474	518	536	476
Other activities	47	61	57	62	59
Operating grants and contributions	1,275	1,841	2,987	2,483	1,842
Capital grants and contributions	2,423	2,082	1,829	3,615	4,996
<b>Total governmental activities program revenues</b>	<b>18,356</b>	<b>19,755</b>	<b>22,818</b>	<b>26,345</b>	<b>29,517</b>
<b>Business-type activities:</b>					
Charges for services:					
Solid waste and landfill	7,493	7,774	8,363	9,034	9,801
Operating grants and contributions	-	6	7	-	-
Capital grants and contributions	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>7,493</b>	<b>7,780</b>	<b>8,370</b>	<b>9,034</b>	<b>9,801</b>
<b>Total primary government program revenues</b>	<b>\$ 25,849</b>	<b>\$ 27,535</b>	<b>\$ 31,188</b>	<b>\$ 35,379</b>	<b>\$ 39,318</b>

*continued*

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

	<u>Fiscal Year</u>				
	2002	2003	2004	2005	2006
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (25,181)	\$ (26,451)	\$ (24,741)	\$ (24,165)	\$ (25,048)
Business-type activities	1,330	2,704	1,860	3,135	2,424
<b>Total primary government net (expense)/revenue</b>	<b>\$ (23,851)</b>	<b>\$ (23,747)</b>	<b>\$ (22,881)</b>	<b>\$ (21,030)</b>	<b>\$ (22,624)</b>
<b>General Revenues and other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
Taxes:					
Property taxes, levied for general purposes	\$ 22,443	\$ 23,031	\$ 27,675	\$ 28,541	\$ 26,922
Sales and use taxes	5,446	14	4,664	10,119	1,879
Miscellaneous	628	672	1,150	965	1,037
Interest and investment earnings	627	417	335	756	1,475
Transfers	638	(770)	(712)	519	519
Total governmental activities	29,782	23,364	33,112	40,900	31,832
<b>Business-type activities:</b>					
Interest and investment earnings	497	406	381	587	1,160
Miscellaneous	9	138	124	70	70
Gain (Loss) on sale of assets/property	-	-	-	77	(1)
Transfers	(399)	(419)	(482)	(519)	(519)
Total business-type activities	107	125	23	215	710
<b>Total primary government</b>	<b>\$ 29,889</b>	<b>\$ 23,489</b>	<b>\$ 33,135</b>	<b>\$ 41,115</b>	<b>\$ 32,542</b>
<b>Change in Net Assets</b>					
Governmental activities	\$ 4,600	\$ (3,088)	\$ 8,371	\$ 16,735	\$ 6,784
Business-type activities	1,437	2,830	1,883	3,350	3,134
<b>Total primary government</b>	<b>\$ 6,037</b>	<b>\$ (258)</b>	<b>\$ 10,254</b>	<b>\$ 20,085</b>	<b>\$ 9,918</b>

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

Fiscal Year	Property Tax	Resort Sales Tax <sup>1</sup>	Total
2002	\$ 22,443	\$ 5,446	\$ 27,889
2003	23,031	14	23,045
2004	27,675	4,664	32,339
2005	28,541	10,119	38,660
2006	26,908	1,878	28,786

<sup>1</sup> Kootenai County's Resort Sales Tax has been through many status changes. In fiscal year 2001, County voters approved a sales tax ordinance increasing the sales tax by one-half cent. In fiscal year 2002, State Court orders required decommissioning of the voter-approved tax. Fiscal year 2004 brought the approval of new legislation and the voter-approved resort sales tax was reinstated. Debt service obligations for the jail expansion were satisfied in fiscal year 2006, and the sales tax collection was ended.

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

	<u>Fiscal Year</u>									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 465	\$ 261	\$ 256	\$ 237	\$ 1,666	\$ 2,382
Unreserved	6,670	5,381	5,611	5,096	6,078	7,153	8,004	9,855	13,833	18,443
<b>Total general fund</b>	<b>\$ 6,670</b>	<b>\$ 5,381</b>	<b>\$ 5,611</b>	<b>\$ 5,096</b>	<b>\$ 6,543</b>	<b>\$ 7,414</b>	<b>\$ 8,260</b>	<b>\$ 10,092</b>	<b>\$ 15,499</b>	<b>\$ 20,825</b>
<b>All other governmental funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ 8,016	\$ 1,731	\$ 4,796	\$ 109	\$ 4,239	\$ 11,741	\$ 4,083
Unreserved, reported in:										
Special revenue funds	816	902	610	970	2,154	729	385	1,002	1,239	1,504
Capital projects funds	660	18	1,549	-	846	(281)	(183)	(208)	(193)	(226)
Jail tax payment fund	-	-	-	-	-	-	(171)	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 1,476</b>	<b>\$ 920</b>	<b>\$ 2,159</b>	<b>\$ 8,986</b>	<b>\$ 4,731</b>	<b>\$ 5,244</b>	<b>\$ 140</b>	<b>\$ 5,033</b>	<b>\$ 12,787</b>	<b>\$ 5,361</b>

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

	<u>Fiscal Year</u>									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Taxes	\$ 16,857	\$ 17,446	\$ 18,701	\$ 21,651	\$ 27,728	\$ 27,762	\$ 22,926	\$ 32,335	\$ 38,659	\$ 28,786
Licenses and permits	1,028	1,032	1,132	1,141	1,144	1,183	1,250	1,323	1,413	1,376
Intergovernmental	5,751	6,387	5,980	7,878	8,660	8,935	9,182	10,916	12,693	14,420
Interest	5	6	6	19	24	627	417	335	756	1,475
Fines and forfeitures	747	801	866	973	989	908	1,026	989	1,000	1,057
Charges for services	3,251	3,184	5,534	5,821	6,368	7,331	8,297	9,590	7,112	8,247
Miscellaneous	1,648	1,912	1,589	1,950	2,360	574	583	935	965	1,037
<b>Total revenues</b>	<b>29,287</b>	<b>30,768</b>	<b>33,808</b>	<b>39,433</b>	<b>47,273</b>	<b>47,320</b>	<b>43,681</b>	<b>56,423</b>	<b>62,598</b>	<b>56,398</b>
<b>Expenditures</b>										
General government	14,334	15,402	17,453	20,077	15,011	16,512	21,338	21,878	19,528	21,410
Public works	-	-	-	-	-	1,215	602	586	612	642
Public safety	10,321	11,079	11,865	13,154	17,881	18,627	17,058	17,115	18,877	20,414
Sanitation weed control	165	151	220	186	216	-	223	291	283	490
Health & welfare	1,385	1,419	1,548	1,976	1,921	2,168	2,092	2,609	2,713	2,665
Culture and recreation	435	459	451	506	836	214	773	880	793	914
Capital projects	201	174	70	37	63	130	28	64	73	9
<b>Debt Service:</b>										
Principal retirement	548	1,048	832	2,123	3,188	1,412	1,580	1,700	1,747	5,592
Interest expense	-	-	-	-	-	730	690	588	480	160
<b>Capital Outlay:</b>										
Capital expenditures	1,375	1,193	1,659	1,532	1,010	6,594	1,595	943	926	2,047
Construction in progress	4,248	2,150	710	3,796	10,513	-	1,305	2,563	4,337	4,681
<b>Total expenditures</b>	<b>33,012</b>	<b>33,075</b>	<b>34,808</b>	<b>43,387</b>	<b>50,639</b>	<b>47,602</b>	<b>47,284</b>	<b>49,217</b>	<b>50,369</b>	<b>59,024</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(3,725)</b>	<b>(2,307)</b>	<b>(1,000)</b>	<b>(3,954)</b>	<b>(3,366)</b>	<b>(282)</b>	<b>(3,603)</b>	<b>7,206</b>	<b>12,229</b>	<b>(2,626)</b>
<b>Other financing sources (uses)</b>										
Proceeds notes payable	296	-	2,000	9,500	-	-	-	-	-	-
Proceeds capital leases	3,652	455	445	499	24	969	21	48	-	-
Proceeds on asset disposal	-	-	-	-	-	54	89	224	-	-
Proceeds insurance	-	-	-	-	-	5	5	8	13	7
Transfers in	903	1,766	1,679	2,625	5,293	5,227	6,524	4,954	4,930	11,433
Transfers out	(883)	(1,758)	(1,672)	(2,358)	(4,758)	(4,589)	(7,294)	(5,666)	(4,410)	(10,914)
<b>Total other financing sources (uses)</b>	<b>3,968</b>	<b>463</b>	<b>2,452</b>	<b>10,266</b>	<b>559</b>	<b>1,666</b>	<b>(655)</b>	<b>(432)</b>	<b>533</b>	<b>526</b>
<b>Net change in fund balances</b>	<b>\$ 243</b>	<b>\$ (1,844)</b>	<b>\$ 1,452</b>	<b>\$ 6,312</b>	<b>\$ (2,807)</b>	<b>\$ 1,384</b>	<b>\$ (4,258)</b>	<b>\$ 6,774</b>	<b>\$ 12,762</b>	<b>(2,100)</b>

Debt service and capital outlay as a percentage of non-capital expenditures  
 23.0%    19.5%    10.1%    20.7%    40.9%    22.5%    12.3%    13.3%    17.5%    26.8%

**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 <sup>1</sup>	Total
1997	\$ 16,856	\$ -	\$ 16,856
1998	17,446	-	17,446
1999	18,701	-	18,701
2000	21,650	-	21,650
2001	23,622	4,105	27,727
2002	22,443	5,446	27,889
2003	23,031	14	23,045
2004	27,675	4,664	32,339
2005	28,540	10,119	38,659
2006	26,922	1,878	28,800

<sup>1</sup> Kootenai County's Resort Sales Tax has been through many status changes. In fiscal year 2001, County voters approved a sales tax ordinance increasing the sales tax by one-half cent. In fiscal year 2002, State Court orders required decommissioning of the voter-approved tax. Fiscal year 2004 brought the approval of new legislation and the voter-approved resort sales tax was reinstated. Debt service obligations for the jail expansion were satisfied in fiscal year 2006, and the sales tax collection was ended.

KOOTENAI COUNTY, IDAHO  
Assessed Valuation and Tax Rates  
Last Ten Property Tax Years

Valuation Increase

Property Tax Year	Assessed Valuation	Homeowner's Exemptions	Net Taxable Value	Valuation Increase		Tax Rate per \$1,000 Value <sup>(1)</sup>
				Amount	Percentage	
1996	\$ 6,053,249,997	\$ 874,418,223	\$ 5,178,831,774	\$ 362,742,099	7.53%	\$ 3.36
1997	6,221,888,454	914,147,978	5,307,740,476	128,908,702	2.49%	3.46
1998	6,244,894,863	915,091,429	5,329,803,434	22,062,958	0.42%	3.89
1999	6,444,466,553	968,464,837	5,476,001,716	146,198,282	2.74%	4.04
2000	6,726,402,236	1,022,329,526	5,704,072,710	228,070,994	4.16%	3.58
2001	7,098,457,083	1,069,468,337	6,028,988,746	324,916,036	5.70%	3.58
2002	7,565,515,887	1,122,803,745	6,442,712,142	413,723,396	6.86%	3.47
2003	7,994,404,661	1,168,732,560	6,825,672,101	382,959,959	5.94%	3.98
2004	8,801,547,283	1,269,400,159	7,532,147,124	706,475,023	10.35%	3.65
2005	11,495,796,480	1,439,915,557	10,055,880,923	2,606,277,061	34.99%	2.47

<sup>1</sup> 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.

Notes:

Values based on 2005 December values certified by the State of Idaho.

Property tax year lags one year behind fiscal year.

Kootenai County Comprehensive Annual Financial Report - FY 2006

**KOOTENAI COUNTY, IDAHO**  
**Property Tax Rates - Direct and Overlapping Rates**  
**Last Ten Fiscal Years**  
 (rate per \$1,000 of assessed value)

	FISCAL YEAR									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>County Direct Rates</b>										
County Direct Rate	1.84	2.47	3.48	3.65	3.14	3.43	3.92	3.73	3.31	3.21
<b>City Rates</b>										
Athol	2.50	3.07	3.60	3.93	3.62	4.13	3.83	3.78	3.88	3.60
Coeur d'Alene	4.21	5.10	5.56	5.70	5.67	5.62	5.53	5.42	5.25	5.23
Dalton Gardens	0.31	0.43	0.52	0.54	0.53	0.51	0.49	0.54	0.50	0.50
Fernan	0.90	1.11	1.39	1.79	2.08	2.06	2.10	2.10	2.08	2.01
Harrison	2.17	3.26	3.77	3.79	3.72	3.53	4.28	4.32	4.25	4.18
Hauser Lake	0.34	0.48	0.58	0.56	0.45	0.46	0.46	0.49	0.48	0.50
Hayden	0.76	0.93	1.09	1.14	1.15	1.18	1.14	1.17	1.11	1.03
Hayden Lake	0.40	0.57	0.71	0.74	0.79	0.77	0.76	0.70	0.70	0.70
Huetter	4.45	5.34	6.17	5.91	5.91	-	-	-	-	-
Post Falls	4.05	4.64	5.35	5.47	5.33	5.34	5.28	5.18	5.27	4.74
Rathdrum	3.54	3.84	4.20	4.17	4.01	3.27	4.68	4.71	4.19	4.09
Spirit Lake	3.46	4.73	5.16	5.76	5.62	5.70	5.48	5.39	4.37	4.20
Worley	1.86	2.41	2.90	2.83	2.70	2.81	3.81	3.81	3.72	3.69
<b>School District Rates<sup>a</sup></b>										
Coeur d'Alene # 271	1.12	5.23	6.29	6.51	6.26	6.23	6.39	6.33	6.21	6.21
Lakeland Joint #272	1.60	4.76	5.92	5.66	5.10	5.60	5.66	5.30	6.03	6.57
Post Falls # 273	2.23	5.61	6.28	6.43	6.18	6.08	5.85	5.95	5.29	4.57
Kootenai # 274	1.40	5.03	5.51	5.36	4.01	3.64	3.85	3.83	4.04	4.54
Kellogg Joint #391	4.45	7.48	8.61	7.76	8.18	8.78	8.45	8.04	8.56	6.48
St. Maries Joint #41	-	-	-	-	-	-	-	-	-	1.05
Plummer-Worley Joint #44	0.04	2.67	3.36	3.36	3.25	3.03	3.34	3.55	3.56	3.01
<b>Highway District Rates</b>										
Post Falls # 1	0.36	0.47	0.57	0.58	0.60	0.65	0.66	0.67	0.68	0.69
Lakes # 2	0.45	0.59	0.78	0.84	0.88	0.90	0.91	0.90	0.93	0.91
Eastside # 3	0.33	0.48	0.61	0.63	0.63	0.61	0.61	0.59	0.57	0.55
Worley # 4	0.67	0.95	1.19	1.26	1.31	1.30	1.30	1.24	1.21	1.16

*continued*

**KOOTENAI COUNTY, IDAHO**  
**Property Tax Rates - Direct and Overlapping Rates**  
**Last Ten Fiscal Years**  
**(rate per \$1,000 of assessed value)**

	FISCAL YEAR									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Fire District Rates</b>										
Athol	-	-	-	-	-	-	-	1.37	1.35	1.30
Bayview	-	-	-	-	-	-	-	1.27	1.22	1.19
Eastside	0.60	0.85	1.22	1.31	1.34	1.32	1.32	1.32	1.32	1.37
Hauser Lake	0.74	0.98	1.22	1.20	0.83	0.82	0.81	0.80	0.78	0.76
Northern Lakes	0.75	0.95	1.18	1.24	1.25	1.26	1.22	1.22	1.19	1.17
KC Fire & Rescue	1.34	1.72	2.06	2.13	1.69	1.67	-	-	-	-
Kootenai Fire #1	-	-	-	-	-	-	1.87	1.87	1.78	1.80
Mica Kidd Island	0.34	0.55	0.72	0.78	0.88	0.91	0.96	-	-	-
Post Falls	-	-	-	-	-	-	1.50	1.21	1.26	1.26
Rathdrum	-	-	-	-	-	-	0.95	0.94	0.93	0.94
Shoshone County #2	1.43	2.07	2.39	2.37	2.33	2.10	1.94	1.90	1.89	2.06
Spirit Lake	0.74	0.97	1.18	1.22	1.23	1.23	1.18	0.54	0.61	0.64
St. Maries	0.80	0.95	0.99	0.97	0.96	0.92	0.92	0.93	0.80	0.85
Timberlake	0.81	1.09	1.38	2.16	2.21	1.37	1.38	-	-	-
Worley	0.52	0.77	0.92	1.00	1.04	1.03	1.04	1.00	0.98	0.95
<b>Water/Sewer District Rates</b>										
Cataldo Water	0.44	0.58	0.69	0.38	0.66	0.59	0.58	0.52	0.51	0.54
Cleland Bay Sewer	0.24	0.43	0.48	0.51	0.54	0.54	0.56	0.56	0.59	0.98
Hayden Lake Sewer	0.03	0.05	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.07
Kidd Island Bay Sewer	0.35	0.40	0.56	0.65	0.74	0.85	0.86	0.89	1.02	1.00
Kingston-Cataldo Sewer	0.51	0.66	0.79	0.78	0.76	0.70	0.68	0.57	0.62	0.65
Kootenai Water #1	0.78	1.35	1.69	1.80	1.79	1.73	1.79	1.73	1.52	1.53
North Kootenai Water	-	-	-	-	-	-	-	-	0.21	0.16
<b>Other Special District Rates</b>										
Kootenai										
Consolidated Library	0.17	0.23	0.29	0.27	0.28	0.30	0.30	0.60	0.59	0.51
KCEMSS	0.10	0.14	0.16	0.33	0.33	0.15	0.13	0.15	0.15	0.14
North Idaho College	0.53	0.71	0.74	0.77	0.77	0.77	0.94	1.03	1.03	1.03
Flood Control #17	0.35	0.53	0.67	0.45	0.36	0.35	0.35	0.35	0.35	0.35

Notes:

- (1) All Urban Renewal Districts have been omitted from this schedule.
- (2) In 2000, Athol and Bayview Fire Districts consolidated to form Timberlake Fire District.
- (3) In 2001, Post Falls Fire and Kootenai Fire #1 consolidated to form KC Fire & Rescue.
- (4) Also in 2001, Northern Lakes Fire annexed Rathdrum Fire District.

<sup>(a)</sup> The Idaho Legislature removed the Maintenance and Operation (M&O) portion of the school district budget from property tax funding. It was the largest portion of the budget and would account for the difference in property tax rate from 2005 to 2006.

# Kootenai County Comprehensive Annual Financial Report - FY 2006

## KOOTENAI COUNTY, IDAHO Property Tax Rates - Direct and All Overlapping Governments Last Ten Fiscal Years

Cumulative levy totals for all agencies within each classification

Tax Year	County	Cities	Highways	Schools	Fire Districts	Water and Sewer Districts	Other Districts
1997	0.003210522	0.034459270	0.003314207	0.032419272	0.014292133	0.004938789	0.033408797
1998	0.003315163	0.035805428	0.003387526	0.033705983	0.014128578	0.004531613	0.052961226
1999	0.003734459	0.037504859	0.003404645	0.033002545	0.014368614	0.004343491	0.073524235
2000	0.003915718	0.037854269	0.003468173	0.003539487	0.015088141	0.004532184	0.229523911
2001	0.003427068	0.035371535	0.003460433	0.033352073	0.012628555	0.004484972	0.238703475
2002	0.003140035	0.041565119	0.003411077	0.032983081	0.013771297	0.004566066	0.201849335
2003	0.003652017	0.042334497	0.003308564	0.035085212	0.014383529	0.004492494	0.363509314
2004	0.003482997	0.041000599	0.003139852	0.035959945	0.013253901	0.004276786	0.125660894
2005	0.002468453	0.035916892	0.002483670	0.030773805	0.010888023	0.003468993	0.105449883
2006	0.001836328	0.028896246	0.001823091	0.010851518	0.008088675	0.002360059	0.104021824

Tax Year 2006	Cities	Highways	Schools	Fire	Water & Sewer	Other
Number of taxing districts	13	4	6	10	6	15
Average tax rate per district	0.002222788	0.000455773	0.001808586	0.000808868	0.000393343	0.006934788
Minimum levy rate	0.000307146	0.000334439	0.000040757	0.000523353	0.000034208	0.000101229
Maximum levy rate	0.004449275	0.000674689	0.004449321	0.001434360	0.000784333	0.016110198

**Notes:**

Tax rates are expressed as \$1 per market value.

Other Districts include Libraries, North Idaho College, Kootenai Hospital, Kootenai EMS, Flood Control, and URDs.

The number of URDs may change from year to year.

No single taxpayer in Kootenai County is subject to all tax levies.

2006 Levies as of 9/30/06.

Kootenai County Comprehensive Annual Financial Report - FY 2006

**KOOTENAI COUNTY, IDAHO**  
Principal Property Taxpayers, Current Year and Nine Years Ago  
September 30, 2006

Taxpayer	2006 <sup>1</sup>			1997		
	Net Taxes Due	Rank	Percentage of Net Taxes Due	Net Taxes Due	Rank	Percentage of Net Taxes Due
Rathdrum Power, LLC	\$ 1,005,547	1	4.07%	\$ -		-
Avista Corporation (formerly Washington Water Power)	927,042	2	3.75%	2,048,662	1	11.80%
Hagadone Hospitality Co., Duane B. Hagadone, Etal	873,491	3	3.53%	921,893	3	5.31%
Stephen F. Meyer, Etal <sup>2</sup>	774,483	4	3.13%	192,646	11	1.11%
Verizon Northwest, Inc. (formerly GTE)	606,167	5	2.45%	1,465,693	2	8.44%
The Club at Black Rock LLC, Black Rock Development Inc.	350,721	6	1.42%	-		-
N Idaho Surgical Hospital Bldg LLC, James F Cotter	241,646	7	0.98%	-		-
PG & E Gas Transmission NW Corp.	230,920	8	0.93%	496,138	5	2.86%
Price Development Company LPT	212,128	9	0.86%	355,652	7	2.05%
Buck 110 LLC, Jacklin Co., Jacklin Management Co.	199,856	10	0.81%	-		-
Stimson Lumber Company	198,670	11	0.80%	-		-
Gillhoover-McIntire, Ron McIntire Etal, John C Young, Etal	170,061	12	0.69%	-		-
Sysco Food Services Inc.	168,456	13	0.68%	-		-
Harlan D. Douglass, Etux	155,631	14	0.63%	-		-
Kimball International Market Inc.	150,274	15	0.61%	454,483	6	2.62%
Idaho Forest Industries	-		-	579,317	4	3.34%
Crown Pacific Inland Lumber, Ltd.	-		-	339,737	8	1.96%
Inland Empire Paper Company	-		-	292,896	9	1.69%
Louisiana Pacific Corporation	-		-	258,008	10	1.49%
Burlington Northern	-		-	148,953	12	0.86%
Arrow Point Development Company	-		-	147,306	13	0.85%
Hecla Mining	-		-	146,312	14	0.84%
Isamet of Idaho, Inc.	-		-	134,270	15	0.77%
Sub Total	6,265,093		25.34%	5,011,410		28.86%
All Other Taxpayers	18,460,751		74.66%	12,351,078		71.14%
<b>Total Net Taxes Due to Kootenai County</b>	<b>\$ 24,725,844</b>		<b>100.00%</b>	<b>\$ 17,362,488</b>		<b>100.00%</b>

Due to the new Tax & Assessment software, the County has changed the format of this report. In prior years the principle taxpayers list has been based upon property assessed valuation. This year the report is based on net taxes due to Kootenai County. For the historical data, an overall County average property tax percentage was applied.

Notes:

<sup>1</sup> Based on 2006 Net Taxes due as of December 20, 2006.

<sup>2</sup> Stephen F. Meyer, Etal and Glacier Partners, Etal have merged since 1995.

**KOOTENAI COUNTY, IDAHO**  
**County Property Tax Levy 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
1997	\$15,702,051	\$15,342,943	97.71%	\$ 322,736	\$15,665,679	99.77%
1998	16,624,913	15,840,187	95.28%	738,430	16,578,617	99.72%
1999	17,656,414	16,148,066	91.46%	1,435,131	17,583,197	99.59%
2000	20,449,866	18,784,468	91.86%	1,569,116	20,353,584	99.53%
2001	22,320,671	20,988,738	94.03%	1,247,792	22,236,530	99.62%
2002	20,662,654	19,448,102	94.12%	1,119,059	20,567,161	99.54%
2003	20,230,349	19,062,164	94.23%	1,050,703	20,112,867	99.42%
2004	24,961,652	23,500,153	94.15%	1,147,074	24,647,227	98.74%
2005	26,229,791	25,576,366	97.51%	204,058	25,780,424	98.29%
2006	24,838,197	24,101,083	97.03%	870,773 <sup>1</sup>	24,971,856	100.54%

<sup>1</sup> Tax collections as of December 20, 2006.

Note:

Tax levy and collection figures include Kootenai EMS.

**KOOTENAI COUNTY, IDAHO**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(amounts in thousands of dollars)**

Fiscal Year Ended September 30,	Real Property	Personal Property	Operating Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate <small>(per \$1,000 of assessed value)</small>
1997	\$ 6,027,718	\$247,897	\$325,217	\$ 871,407	\$ 5,729,425	3.21
1998	6,219,010	248,242	321,732	898,046	5,890,938	3.31
1999	6,417,632	296,975	303,215	926,178	6,091,644	3.73
2000	6,737,713	285,820	292,714	991,511	6,324,736	3.92
2001	7,023,966	297,652	371,735	1,026,345	6,667,008	3.43
2002	7,415,876	325,707	443,826	1,045,132	7,140,277	3.14
2003	7,864,975	341,458	431,239	1,097,787	7,539,885	3.65
2004	8,707,566	351,025	427,830	1,129,531	8,356,890	3.48
2005	11,578,807	413,118	430,171	1,147,009	11,275,087	2.47
2006	13,728,036	258,389	451,986	1,746,046	12,692,365	1.84

Notes:

Operating property values are wholly assigned by the Idaho State Tax Commission.

Property in Kootenai County is revalued on a rotating schedule that affects every property once in five years.

Source: Kootenai County abstracts produced by the Kootenai County Assessor's Office.

KOOTENAI COUNTY, IDAHO  
 Schedule of Foregone Amounts  
 as of the 2005 Tax Year

<u>District</u>	<u>Foregone Amount</u>
Kootenai County	\$ 237,130
City of Athol	6,923
City of Coeur d'Alene	1,004,255
City of Dalton Gardens	10
City of Fernan Lake	3,887
City of Hayden	19
City of Post Falls	375,665
City of Rathdrum	6,561
East Side Fire	22,211
Hauser Lake Fire	252
Kootenai County Fire & Rescue	7,498
Northern Lakes Fire	662
Timberlake Fire	1,544
Flood Control #17	8,589
Post Falls Highway #1	452,632
Lakes Highway #2	788,127
North Idaho College	2,454,168
Hayden Lake Rec Water/Sewer	3,393
Kidd Island Bay Sewer	9,226

Note: Foregone is defined as an allowable increase in budget dollars that could have been levied for in a particular year but wasn't. This amount is available for the district to add to the regular budget increase calculation and levy on in subsequent years.

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

Legal Debt Margin Calculation For Fiscal Year 2006

Assessed Valuations:	
Assessed Value	\$ 10,055,311,957
Add Back Homestead Exemptions	1,439,915,557
<b>Total Assessed Value</b>	<b>\$ 11,495,227,514</b>

Legal Debt Margin	
Debt Limitation*: 2% of assessed market value	\$ 229,904,550
Less: Debt applicable to limitation:	
Solid Waste Refunding Bonds, Series 1993 <sup>1</sup>	0
<b>Legal Debt Margin</b>	<b>\$ 229,904,550</b>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$112,977,223	\$121,065,000	\$124,897,897	\$128,889,331	\$134,528,045	\$141,124,142	\$151,310,318	\$159,888,093	\$176,030,946	\$229,904,550
Total net debt applicable to limit	7,555,000	3,870,000	3,160,000	2,425,000	1,655,000	845,000	-	-	-	-
Legal debt margin	\$105,422,223	\$117,195,000	\$121,737,897	\$126,464,331	\$132,873,045	\$140,279,142	\$151,310,318	\$159,888,093	\$176,030,946	\$229,904,550
Total net debt applicable to the limit as a percentage of debt limit	6.69%	3.20%	2.53%	1.88%	1.23%	0.60%	0.00%	0.00%	0.00%	0.00%

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

<sup>1</sup> Solid Waste Refunding Bonds were paid in full in the 2002-2003 fiscal year.

Kootenai County Comprehensive Annual Financial Report - FY 2006

KOOTENAI COUNTY, IDAHO  
 Schedule Of Direct and Overlapping Debt  
 September 30, 2006

Number of Issues	Jurisdiction	Net Debt Outstanding	Earliest Issue Date (Month/Year)	Oldest Maturity Date (Month/Year)	Applicable to Kootenai County Percentage	Amount
<b>Direct Debt:</b>						
2	Kootenai County*	\$ 1,076,395	Dec/96	May/18	100.00%	\$ 1,076,395
<b>Direct Debt</b>		1,076,395			100.00%	1,076,395
<b>Overlapping Debt:</b>						
4	City of Coeur d'Alene	12,645,000	Mar/06	Sep/25	100.00%	12,645,000
1	City of Harrison	54,349	Jan/77	Jan/17	100.00%	54,349
1	City of Hayden	369,241	Sep/94	May/14	100.00%	369,241
11	City of Post Falls	17,173,588	May/89	Jun/25	100.00%	17,173,588
2	City of Rathdrum	696,633	Jan/88	Mar/11	100.00%	696,633
3	City of Spirit Lake	968,209	Jan/93	Aug/24	100.00%	968,209
1	Coeur d'Alene SD #271	8,360,000	Oct/97	Jul/13	100.00%	8,360,000
5	Lakeland SD #272	27,145,000	Dec/03	Aug/25	99.91%	27,120,570
3	Post Falls SD #273	25,305,000	Dec/98	Aug/18	100.00%	25,305,000
2	Kootenai Joint SD #274	2,136,000	Dec/02	Dec/13	99.39%	2,122,970
2	Kellogg Joint SD #391	13,443,562	Feb/98	Jun/27	20.01%	2,690,057
20	Kootenai Consolidated Library	3,425,000	Oct/05	Oct/25	97.19%	3,328,758
1	Flood Control District #17	325,222	Feb/05	May/20	100.00%	325,222
1	Kootenai County Fire & Rescue	910,000	Sep/00	Sep/10	100.00%	910,000
3	Bayview Water/Sewer District	1,692,042	Sep/92	Sep/23	100.00%	1,692,042
2	Green Ferry Water/Sewer District	133,247	Jul/77	Jun/18	100.00%	133,247
1	Hayden Lake Recreational Sewer District	215,000	Dec/00	Dec/14	100.00%	215,000
1	Kidd Island Bay Lots Sewer District	310,679	Apr/93	Apr/12	100.00%	310,679
1	Kingston-Cataldo Sewer District	171,941	Dec/79	Dec/19	6.90%	11,864
1	Kootenai County Water District #1	16,402	Feb/91	Feb/11	100.00%	16,402
1	North Kootenai Water District	1,695,000	Aug/99	Aug/14	100.00%	1,695,000
<b>Overlapping Debt</b>		117,191,115			89.13%	104,448,830
<b>Total Overlapping &amp; Underlying Debt</b>		\$ 118,267,510			89.23%	\$ 105,525,225

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

\* As of 9/30 balances owed on Administration Building and Public Defender Building.

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

Population				
Year	Kootenai County	Change from prior year	State of Idaho	Change from prior year
1997	100,108	3.6%	1,228,520	2.1%
1998	102,717	2.6%	1,252,330	1.9%
1999	106,346	3.5%	1,275,674	1.9%
2000	108,685	2.2%	1,293,953	1.4%
2001	111,659	2.7%	1,321,228	2.1%
2002	114,323	2.4%	1,343,194	1.7%
2003	117,614	2.9%	1,367,034	1.8%
2004	122,350	4.0%	1,393,262	1.9%
2005	127,688	4.4%	1,429,096	2.3%
2006	133,000 <sup>1</sup>	4.2%	1,466,465 <sup>1</sup>	2.6%

Year	Per Capita Personal Income			Personal Income (thousands of dollars)	Unemployment Rate
	Kootenai County	State of Idaho	Kootenai Co. as a % of State of Idaho		
1997	20,471	20,648	99.1%	2,049,308	8.4%
1998	21,547	21,789	98.9%	2,213,204	7.8%
1999	22,016	22,786	96.6%	2,341,299	7.9%
2000	23,014	24,076	95.6%	2,520,710	7.5%
2001	23,615	24,947	94.7%	2,638,522	7.8%
2002	24,164	25,476	94.9%	2,761,150	8.2%
2003	24,805	25,911	95.7%	2,917,364	7.1%
2004	25,297	26,877	94.1%	3,097,537	5.4%
2005	N/A <sup>2</sup>	N/A	N/A	N/A	4.2%
2006	N/A <sup>2</sup>	N/A	N/A	N/A	3.6%

Year	School Enrollment <sup>(a) 3</sup>	Regular High School Diplomas <sup>(a) 4</sup>	Median Age	
			1990 Census	1995
1997	18,922	1,059	35.0	
1998	19,071	1,098	35.7	
1999	19,550	1,134	36.1	
2000	20,022	1,153	36.4	
2001	20,315	1,238	36.6	
2002	20,351	1,156	36.8	
2003	20,667	1,192	37.0	
2004	21,153	1,239	36.9	
2005	21,707	1,358		
2006	22,260	1,348		

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

<sup>(a)</sup> Idaho Department of Education

<sup>1</sup> Population estimate by Idaho Department of Commerce & Labor as of July 1, 2006.

<sup>2</sup> Data is based on income tax information from the Internal Revenue Service and is not currently available.

<sup>3</sup> School enrollment includes data from School District 44 and School District 391 which are joint districts and partially located in Kootenai County.

<sup>4</sup> Regular high school diplomas includes those from alternative high schools and charter academies.

# Kootenai County Comprehensive Annual Financial Report - FY 2006

## KOOTENAI COUNTY, IDAHO Principal Employers Current Year and Nine Years Ago

Employer	2006			1997		
	Range of Employees	Rank	Percentage of Total County Employment	Range of Employees	Rank	Percentage of Total County Employment
Kootenai Medical Center	1,600 - 1,699	1	2.90 - 3.08%	1,000 - 1,099	3	2.61 - 2.87%
Coeur d'Alene School District	1,300 - 1,399	2	2.36 - 2.53%	1,000 - 1,099	1	2.61 - 2.87%
Center Partners	1,000 - 1,099	3	1.81 - 1.99%	-	-	-
Hagadone Hospitality	1,000 - 1,099	4	1.81 - 1.99%	1,000 - 1,099	2	2.61 - 2.87%
North Idaho College	900 - 999	5	1.63 - 1.81%	700 - 799	4	1.83 - 2.09%
Coeur d'Alene Tribe	700 - 799	6	1.26 - 1.45%	-	-	-
Kootenai County	700 - 799	7	1.26 - 1.45%	500 - 599	6	1.31 - 1.57%
Post Falls School District	600 - 699	8	1.09 - 1.27%	500 - 599	7	1.31 - 1.57%
Lakeland School District	500 - 599	9	0.91 - 1.09%	400 - 499	9	1.05 - 1.31%
Wal-Mart	500 - 599	10	0.91 - 1.09%	-	-	-
Flexcel	-	-	-	500 - 599	5	1.31 - 1.57%
Idaho Forest Industries	-	-	-	400 - 499	8	1.05 - 1.31%
Advanced Input Devices	-	-	-	300 - 399	10	0.78 - 1.04%
Kootenai County Non-Farm Payroll Employment Total <sup>1</sup>	55,200 <sup>2</sup>			38,253		
Average employment size of the 10 largest employers	927			672		

Source for Data: Idaho Department of Commerce & Labor

<sup>1</sup> Non-Farm Payroll Employment excludes Kootenai County residents who are self-employed and who work outside Kootenai County.

<sup>2</sup> Estimate

**KOOTENAI COUNTY, IDAHO**  
**Summary of Deposits**  
**Domestic Financial Institutions**  
**Operating in Kootenai County, Idaho**  
**Last Ten Years**  
**(dollars in millions)**

Institution Type	Number of Branches	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<i>(1) Data as of June 30th</i>											
Commercial Banks	36	\$ 1,435	\$ 1,302	\$ 1,271	\$ 1,002	\$ 923	\$ 880	\$ 847	\$ 802	\$ 696	\$ 728
FDIC Savings Banks	5	137	170	142	127	106	69	60	47	82	57
<b>Subtotal FDIC- Insured Institutions</b>	41	1,572	1,472	1,413	1,129	1,029	949	907	849	778	785
<i>(2) Data as of December 31st</i>											
Credit Unions	1	9	9	10	23	22	23	20	21	20	16
<b>Total</b>	42	\$ 1,581	\$ 1,481	\$ 1,423	\$ 1,152	\$ 1,051	\$ 972	\$ 927	\$ 870	\$ 798	\$ 801

Kootenai County's total deposit market share for all FDIC-Insured institutions rank at 9.32% of the total deposits at like institutions within the State of Idaho.

(1) Source: Federal Deposit Insurance Corporation

(2) Source: National Credit Union Administration

**KOOTENAI COUNTY, IDAHO**  
**County Employees by Function**  
**Last Ten Fiscal Years**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Function</b>										
General Government	236	245	251.4	227.4	269.3	249.5	270.6	275.6	280	282.4
Public Safety										
Sheriff	94	97	96	96	100.9	97.9	103.9	99.9	99.9	111.4
Jail	72	72	73.8	78.3	82.9	92.9	98.9	108.9	113.9	115.9
Justice	44	49	52	55	58.5	62.7	64.1	64.6	66.6	69.1
Public Health	38	38	39	32	32	31	34.5	35.5	35.5	36.5
Building	12	12	12	12	12	12.5	12.5	11	12	18
Public Works										
Airport	6	6	6.5	6.5	6.5	7	7	7	7.1	7.6
Solid Waste										
Transfer Station	36	36	35.5	35.5	36.5	36.6	37	39	44	43
Noxious Weed Control	2	2	2.3	2.3	2	3	3	2	2	2.6
Health & Welfare										
County Assistance	7	7	8	8	8	7	7	7	7	7
Culture & Recreation										
Snowmobile	0	0	0	0	0	0.5	1	1	0	0
Parks & Recreation	3	3	3	3	3	1	2.1	3	3	3.5
Waterways	2.5	3	3	3.5	3.5	5	5.5	3.5	3	3.5
Marine Deputy <sup>1</sup>	2	2	1.5	1.5	2	2	2	2	0.6	1
<b>Total</b>	<b>554.5</b>	<b>572</b>	<b>584</b>	<b>561</b>	<b>617.1</b>	<b>608.6</b>	<b>649.1</b>	<b>660</b>	<b>674.6</b>	<b>701.5</b>

Source: Kootenai County Adopted Budget documents

<sup>1</sup> Temporary Seasonal Deputies total approximately 8-10 per year.

KOOTENAI COUNTY, IDAHO  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1997 <sup>1</sup>	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Police</b>										
Physical arrests	5,794	6,188	5,933	6,369	5,926	5,904	6,727	7,288	7,382	8,032
<b>District Court Caseloads</b>										
Felonies	880	921	944	790	713	695	825	928	1,003	981
Misdemeanors	8,719	95,332	8,695	8,278	7,030	7,154	8,370	8,492	7,540	8,770
Infractions	16,300	18,217	14,944	16,447	15,930	16,021	17,726	19,295	16,948	17,674
<b>Refuse Collection</b>										
Landfilled refuse <sup>2</sup>	102	102	106	105	111	113	119	136	138	140
Refuse collected <sup>2</sup>	130	123	128	130	139	144	150	168	182	195
Recyclables collected <sup>2</sup>	12.4	8.9	10.9	11.5	11.1	11.1	12.1	12.9	21.1	22
<b>Parks and Waterways</b>										
Improved facilities	N/A	22	22	23	23	23	24	24	24	24
<b>Airport</b>										
Hangars <sup>3</sup>	9	13	16	20	22	27	29	33	35	43

Sources: Various County Departments

<sup>1</sup> In 1997, Kootenai County experienced an ice storm that caused substantial damage and a measurable increase in refuse and recyclables.

<sup>2</sup> Amounts shown in thousands of tons.

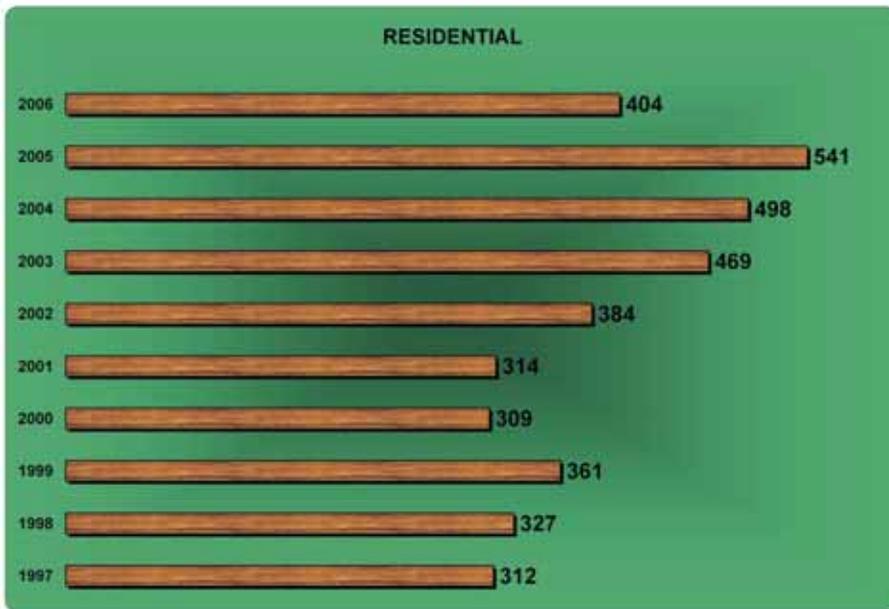
<sup>3</sup> Each year reflects the cumulative total of completed hangars located at the Coeur d'Alene Airport.

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

Year	Residential		Commercial / Industrial	
	Permits	Value	Permits	Value
2006	404	\$ 98,374,385	52	\$ 9,904,072
2005	541	120,616,808	38	6,447,755
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

Notes:

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



KOOTENAI COUNTY, IDAHO  
 Capital Asset Values by Function  
 Last Nine Fiscal Years  
 (amounts expressed in thousands)

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General government:</b>									
Land	\$ 837	\$ 837	\$ 1,476	\$ 1,523	\$ 1,523	\$ 1,894	\$ 1,931	\$ 1,931	\$ 1,931
Buildings	12,192	14,195	14,195	14,195	14,409	14,663	14,454	14,454	14,489
Improvements	-	-	-	-	-	-	3	33	42
Machinery and equipment	5,441	5,877	5,815	6,317	6,813	7,000	7,305	7,585	8,260
<b>Public works:</b>									
Land	133	676	676	676	986	1,819	1,819	1,828	1,828
Buildings	-	-	-	-	256	502	502	562	562
Improvements	7,548	7,944	8,786	11,244	13,396	13,219	13,222	17,440	17,445
Machinery and equipment	697	745	767	1,460	1,624	1,625	1,660	1,707	1,748
<b>Public safety:</b>									
Land	65	65	65	65	65	65	65	65	107
Buildings	7,144	7,144	7,144	9,140	9,090	20,184	20,213	20,213	20,223
Improvements	-	-	-	-	-	13	13	22	37
Machinery and equipment	4,343	5,060	5,366	5,508	5,606	5,954	6,108	6,313	7,112
<b>Sanitation:</b>									
Land	735	735	735	450	450	986	1,275	1,275	1,275
Buildings	183	183	183	183	183	183	572	572	572
Improvements	16,049	16,049	16,049	16,049	18,247	18,720	19,826	20,435	20,644
Machinery and equipment	4,340	4,973	5,104	5,362	5,447	6,215	6,535	6,855	7,330
<b>Health &amp; welfare:</b>									
Machinery and equipment	41	48	35	35	33	35	35	32	30
<b>Culture and recreation:</b>									
Land	-	85	85	85	85	250	249	249	249
Buildings	2,984	2,995	2,995	3,005	3,212 <sup>1</sup>	228	239	239	251
Improvements	-	-	-	134	140	136	585	591	611
Machinery and equipment	1,270	1,284	1,343	1,053	956 <sup>1</sup>	993	1,044	1,029	1,198
<b>Capital projects:</b>									
Construction in progress	1,167	948	5,531	11,210	11,298	1,588	3,684	3,157	7,641
Total Capital Assets	\$ 65,169	\$ 69,843	\$ 76,350	\$ 87,694	\$ 93,819	\$ 96,272	\$ 101,339	\$ 106,587	\$ 113,585

<sup>1</sup> In 2002 and 2003 North Idaho Fair and Rodeo's Machinery and Equipment \$108 and Buildings \$2,928 were removed from Culture and Recreation.

**KOOTENAI COUNTY, IDAHO**  
**Capital Assets Statistics by Function**  
**Last Nine Fiscal Years**

<b>Function</b>	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Public safety:</b>									
Kootenai County Sheriff									
Sheriff Office	1	1	1	1	1	1	1	1	1
Patrol Units	50	56	57	57	57	57	58	58	58
Public Safety Buildings	1	1	1	2	2	3	3	3	3
<b>Sanitation:</b>									
Ramsey Transfer Station									
Trash Rolloff Bins	12	15	15	15	15	20	34	34	37
Loaders	3	3	3	3	3	3	3	3	3
Tractor Trucks	4	5	5	5	5	6	6	5	6
Transfer Trailers	13	13	13	15	17	18	20	21	25
Fighting Creek Landfill									
Heavy Machinery & Equipment	5	5	8	8	8	8	8	9	9
<b>Culture and Recreation:</b>									
Waterways/Park & Recreation									
Pumpouts	8	8	10	10	10	10	10	10	10
Vault Toilets									
Wood	6	6	6	7	7	7	7	7	7
Concrete	0	0	1	2	2	3	3	3	4

Sources: Various County Departments

# SINGLE AUDIT SECTION

Remnants of the past in northern Kootenai County.



*Photos by: Ron Harbison*

## AUDITOR'S SECTION

Green algae-covered boulders,  
unique for their smooth shapes,  
line the shore of the Spokane River.



*Photo by: Daniel Duffey*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
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, 2006, and have issued our report thereon dated December 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

*Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Kootenai County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of audit findings and questioned costs as Finding 06-1.

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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

*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.

## Kootenai County Comprehensive Annual Financial Report - FY 2006

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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 15, 2006

**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 program for the year ended September 30, 2006. The County's major federal program is 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 program 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 program for the year ended September 30, 2006.

*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 15, 2006

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2006

Section I – Summary of Auditors’ Results

FINANCIAL STATEMENTS:

FINANCIAL STATEMENTS:

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weakness(es)  Yes  No
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Reportable condition(s) identified that are not considered to be material weakness(es)  Yes  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  No

Identification of major programs:

CFDA Numbers

20.106

Name of Federal Program or Cluster

Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs

\$300,000

Auditee qualified as low-risk auditee?

Yes  No

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2006

**Section II - Financial Statement Findings**

**Finding 06-1 - Lack of Segregation of Duties**

**Criteria**

The County should have a policy that requires checks in excess of a specified amount to have two signatures.

**Condition:**

Reportable Condition

One individual has control over all the County's funds. County policy states that claims are to be directed through the Clerk's office for disbursement. In one transaction, it was found that the disbursement was made without the Clerk's office authorization; however, the disbursement was authorized by the Commissioners and requested by a Commissioner.

**Effect**

Without proper segregation of duties the County is not maintaining proper control over the custody of the asset and the ability to misuse or misappropriate funds is unnecessarily high.

**Recommendation**

Two signatures should be required before funds can be drawn for expenditures in excess of a specified amount.

**KOOTENAI COUNTY, IDAHO**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2006**

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

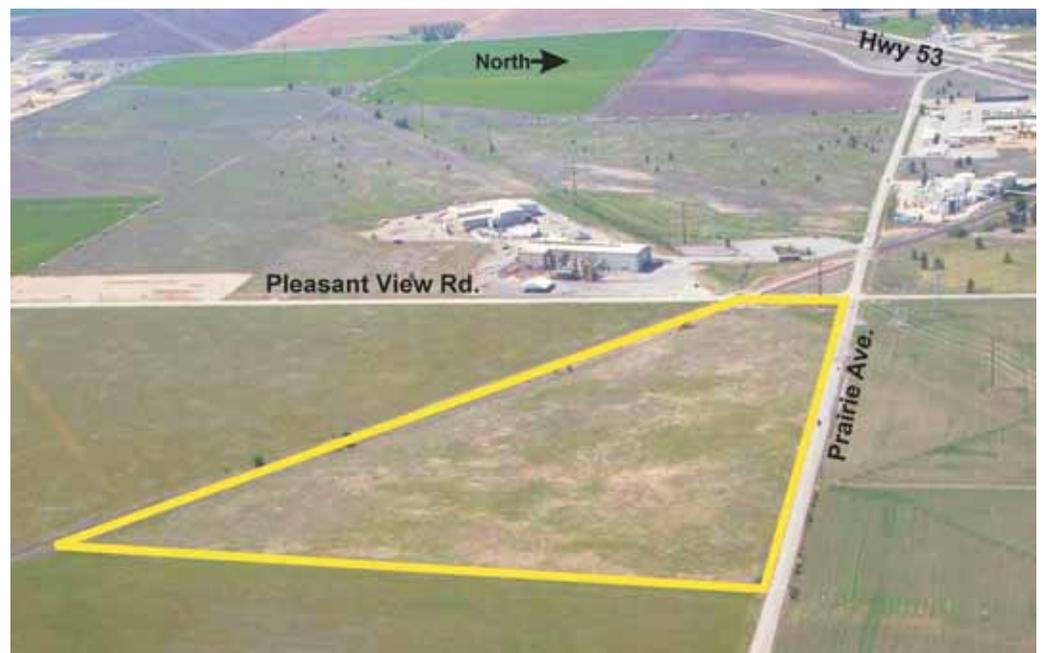
# Auditees' Section



Artist's rendition of the future Prairie Transfer Station.

*CH2M Hill*

Aerial view of the Prairie Transfer Station site.



*Photo by: Civil Air Patrol*

Kootenai County Comprehensive Annual Financial Report - FY 2006

KOOTENAI COUNTY, IDAHO  
 Schedule Of Expenditures Of Federal Awards  
 As of September 30, 2006

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Pass-Through Award amount	2005-2006 expenditures
<b>U. S. DEPARTMENT of AGRICULTURE</b>				
Passed through Idaho State Superintendent of Public Instruction:				
School Breakfast - Lunch Program	10.553	RC-28-03	variable	\$ 70,822.52
Passed thru Idaho Department of Lands				
Wildland Urban Interface Community & Rural Fire Assistance	10.664	NFPG 01-I-12-CP	3,098,385.00	436,343.78
				<u>507,166.30</u>
<b>U. S. DEPARTMENT of INTERIOR</b>				
Passed through Idaho Bureau of Land Management				
Wildland Urban Interface Community & Rural Fire Assistance	15.228	DAA010411	285,000.00	35,082.37
Passed through Idaho State Historical Society				
Pleasantview School Restoration Project	15.912		1,750.00	63.58
CLG Projects	15.912		3,500.00	2,658.95
				<u>37,804.90</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Programs:				
Community Policing and Public Safety Grants	16.710	2002-UMWX-0160	150,000.00	17,928.49
Juvenile Drug Court	16.585	2002-LB-BX-0048	498,500.00	37,345.00
Passed through Idaho Department of Juvenile Corrections:				
Substance Abuse Project	16.540	04-SA11-01/05-AT11-01	30,857.00	13,938.20
Mentor Project	16.540	05-JJ11-02	9,290.00	7,359.75
JAIBG	16.523	03-JA11-04/04-JA11-03	83,713.00	35,089.08
Passed through Idaho Department of Health and Welfare:				
Domestic Violence Grant	16.576	KC204600/KC217400	35,000.00	16,566.09
				<u>128,226.61</u>
<b>U. S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>				
Passed through Idaho Department of Health and Welfare:				
Domestic Violence Grant	93.671	KC204600/KC217400	18,000.00	10,727.40
				<u>10,727.40</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>				
Direct Program				
Public Works & Economic Development Facilities Program - Airport Infrastructure	11.300	07-01-05614	1,341,000.00	131,400.59
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	1,250.00
				<u>132,650.59</u>

*continued*

**KOOTENAI COUNTY, IDAHO**  
**Schedule Of Expenditures Of Federal Awards**  
**As of September 30, 2006**

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Pass-Through Award amount	2005-2006 expenditures
<b>U.S DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				
Passed thru Idaho Department of Commerce				
Garwood Water Project	14.228	ICDBG 04-1-23-IM	100,000.00	63,562.00
CDA Homes Project	14.228	ICDBG 05-1-07-PF	500,000.00	14,069.00
				77,631.00
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Direct Programs:				
Airport Improvement Program	20.106	Major Program	various	3,916,062.00
FTA Section 5307 Small Urbanized Area Grant	20.507	ID-90-X06d-02	987,463.00	793,180.50
				4,709,242.50
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through State of Idaho Military Division:				
EMPG	97.042	2006-EM-E6-0020	44,191.19	44,191.19
Homeland Security - Equipment	16.007	SHSGPE <sup>(1)</sup>	818,534.72	82,247.31
Homeland Security - Equipment	97.004	2004-GE-T4-0034 <sup>(2)</sup>	173,815.19	110,786.48
Homeland Security - Planning	97.004	2004-GE-T4-0034	28,343.02	27,053.50
Homeland Security - Admin	97.004	2004-GE-T4-0034	5,985.27	1,508.50
Homeland Security - Planning	97.067	2005-GE-T5-0044	22,763.65	1,400.24
Homeland Security - Citizens Corp	97.004	2004-GE-T4-0034	50,562.00	15,500.61
Homeland Security - Exercise Personnel Grant	16.007	SHSGPEX-II	127,193.75	27,193.75
Homeland Security - Exercise Personnel Grant	97.004	2004-GE-T4-0034	42,000.00	32,120.57
Homeland Security - LETPP	97.067	2004-GE-T4-0034	116,221.96	1,443.50
Homeland Security - Exercises	97.067	2004-GE-T4-0034	32,289.52	124.01
Passed through State Department of Parks & Rec				
Boater Safety Financial Assistance	97.012		73,252.00	73,252.00
				416,821.66
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 6,020,270.96</b>

<sup>(1)</sup> 2003 Homeland Security Grant Program - Equipment Award is a pass through from the State of Idaho Military Division. Grant Award Part I was for \$253,333; Part II 477,608; Part III 87,593.82. Total Award \$818,534.72. Only 151,490.07 was budgeted for Kootenai County.

<sup>(2)</sup> 2004 Homeland Security Grant Program - Equipment Award is a pass through from the Sate of Idaho Military Division. Grant Award for Equipment Total - \$255,087. Only 173815.19 was budgeted for Kootenai County entities the remaining amounts were awarded to fire districts and cities.

*See accompanying Independent Auditors' Report*

**KOOTENAI COUNTY, IDAHO**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2006**

**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, 2006**

**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 (Finding 06-1 - Lack of Segregation of Duties):**

Emphasis should be placed on the circumstances surrounding the transaction that has led to the finding outlined by our Independent Auditors. The transaction had been discussed on numerous occasions with all of the appropriate parties including the Board of County Commissioners that initiated the transaction and the County Clerk that was to review it. Events surrounding the timing of the disbursement relating to the availability of the administrative staff normally involved in processing these types of transactions resulted in the alternate processing discussed in the finding.

Administrative policies in the Commissioners' Office have been amended to note strict adherence to the protocol established in State statute. The policy requires that all disbursements be coordinated through the County Clerk/Auditors' Office.

Additionally, the appropriate steps have been taken in the Treasurer's Office to require two authorized signatures for the disbursement of County Funds. Accordingly, we believe these actions are in line with the Independent Auditors' recommendation, and should be sufficient to resolve the finding.

**KOOTENAI COUNTY, IDAHO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2006**

**Findings from the Year Ended September 30, 2005**

No matters were reported.

**KOOTENAI COUNTY, IDAHO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2006**

**Findings from the Year Ended September 30, 2004, and Prior**

All matters have been resolved.