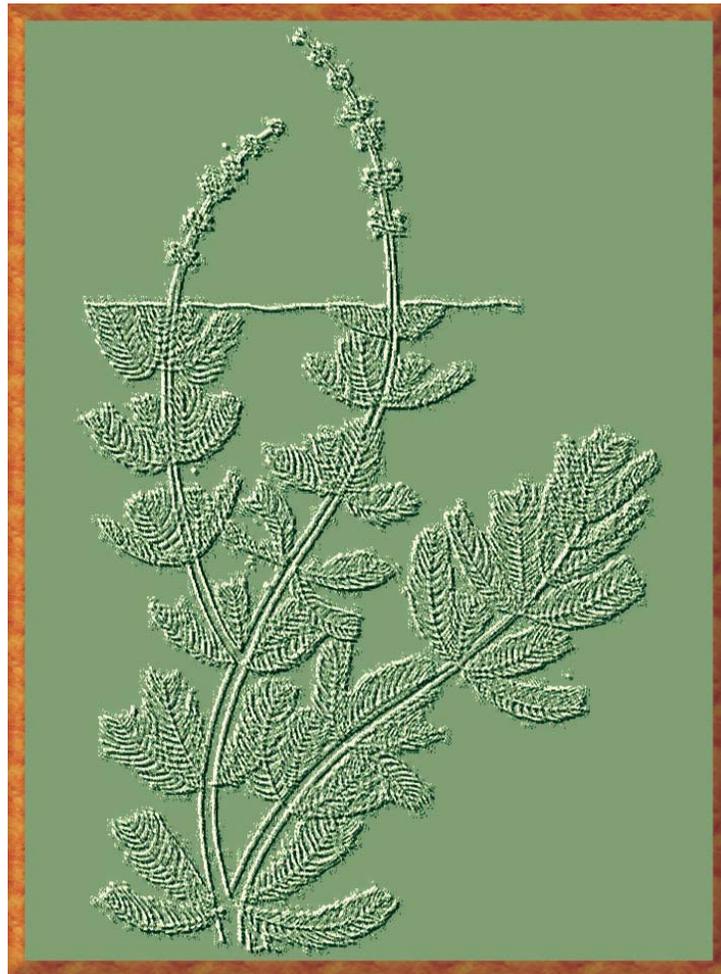


Kootenai County, Idaho



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2007
Daniel J. English ~ Auditor



KOOTENAI COUNTY, IDAHO

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2007

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:

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Kim Stevenson
Keith Taylor
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Chenyi Olson
Jo Ann Schrempp
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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FOR THE FISCAL YEAR ENDING September 30, 2007

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Introductory Section

**Eurasian Watermilfoil
has invaded the waters of North Idaho.**



Possibly brought to Idaho via recreational boaters from infested states, mere fragments of the weed can take root. In time, it can form ugly brown mats on the water's surface, easily entangling swimmers and boat propellers. It also threatens fish habitat by depleting water of its oxygen.

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, 2006

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.



Chloe S. Cox

President

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 10, 2008

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, 2007. 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 in 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 Management's Discussion and Analysis 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 page 145.

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 134,400. The largest city and county seat is Coeur d'Alene. Nearby population centers include Spokane, Washington, 30 miles to the west, and Missoula, Montana 150 miles to the east, with populations of approximately 198,000 and 64,000 respectively. Kootenai County is adjacent to the Panhandle National Forest and contains several beautiful lakes covering 70.6 square miles, including the 25 mile long Lake Coeur d'Alene.

Kootenai County provides a full range of government services. These include police protection, judicial systems, detention facilities, 911 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 College, Kootenai Medical Center, and several Urban Renewal Districts (URD). The County has also provides 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 qualified and traditionally minded workforce and high tech infrastructure. Citylink Transit continues to provide free public transportation to residents of Kootenai and Benewah counties. With over 80 bus stops connecting Fernan, Coeur d'Alene, Hayden, Post Falls, Huetter, Worley, Rathdrum, and State Line Village. Citylink's service helps people get around Kootenai County easily. Cabela's Inc. recently opened a retail store in Post Falls, Idaho; one of its 27 locations throughout the country. Another construction highlight was the groundbreaking for the Salvation Army Coeur d'Alene Ray & Joan Kroc Corps Community Center. The facility will be 123,000 square feet on 12 acres, with 130-150 anticipated employees. The expected opening is the Spring of 2009.

The population growth rate in Kootenai County slowed slightly to the State-wide population increase rate of 2.2%. The regional economic picture continues to look strong with forecasts indicating slower but 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 following the State-wide trend.

Kootenai County remains in sound financial condition at the conclusion of fiscal year 2007 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. The November 2008 general election will contain a ballot measure for jail expansion, Sheriff's complex, and other county improvements.

Major Initiatives

The major accomplishments and events of the County during 2007 included continued facilities improvement. Several goals were met during fiscal year 2007. These include:

1. One of the most significant financial occurrences during the fiscal year was the start of construction on the Solid Waste Department's Prairie Transfer Station on the west side of Kootenai County. The site was chosen due to its close proximity to railroad access, which can ease the transport of waste out of the transfer station once the landfill is exhausted. The facility is expected to be completed and opened for operation early in fiscal year 2009.
2. Law Enforcement sworn officer compensation was also addressed with significant wage adjustments and the establishment of a pay matrix system. The \$900,000 in additional funding was provided in an ongoing effort to keep Kootenai County positions more competitive with local law enforcement agencies in the inland northwest.

3. A significant amount of staffing was added during the year to address the needs created by the growing population. Thirty (30) new positions were created with over two thirds of those positions being added to the law and order operations. An additional five and a half Solid Waste Department positions were also added in anticipation of the Prairie Transfer Station opening.

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 2009. 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 and a primary focus on public safety structures.
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 the airport to accommodate additional economic development and growth.
5. 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 \$3,343,759 was recognized in fiscal year 2007; reported on page 31 in the Government-Wide Statement of Activities. Of this amount, \$1,426,946 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, 2007, 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.

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, 2006. 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 thirteen consecutive years (fiscal years 1994-2006). 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 Celia Peterson, Willeen Corey, and Kim Stevenson, Accountants.

Sincerely,



Daniel J. English

Kootenai County Auditor



Todd Tondee
Commissioner District #1



Rick Currie
Commissioner District #2



Rich Piazza
Commissioner District #3



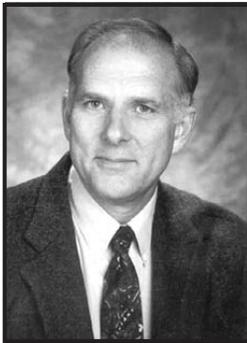
Daniel J. English
County Clerk



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

James D. Stow

Benjamin R. Simpson

Eugene A. Marano

Penny Friedlander

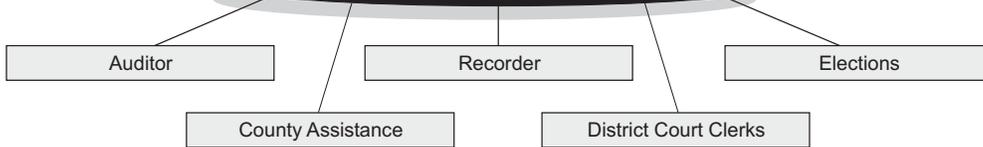
KOOTENAI COUNTY, IDAHO ORGANIZATIONAL CHART January 2007

VOTERS

BOARD OF COUNTY COMMISSIONERS



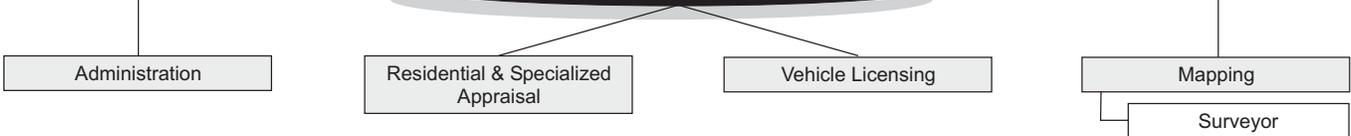
CLERK



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

This aerial photo shows the extent of milfoil growth (the dark redish brown areas in the center of photo) near Sportsmans Access on Hayden Lake. Photo was taken September 25, 2006.



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kootenai County, Idaho (the "County") as of and for the year ended September 30, 2007, and the business-type activities of the County as of and for the years ended September 30, 2007 and 2006, 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, 2006, and Kootenai County Emergency Medical Services System as of and for the year ended September 30, 2007 – which are included in the County's basic financial statements. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units – North Idaho Fair & Rodeo and Kootenai County Emergency Medical Services System – is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the 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, 2007, 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, 2007 and 2006, 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 on pages 13 through 25 and pages 65 through 71, respectively, are 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 July 22, 2008, 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.

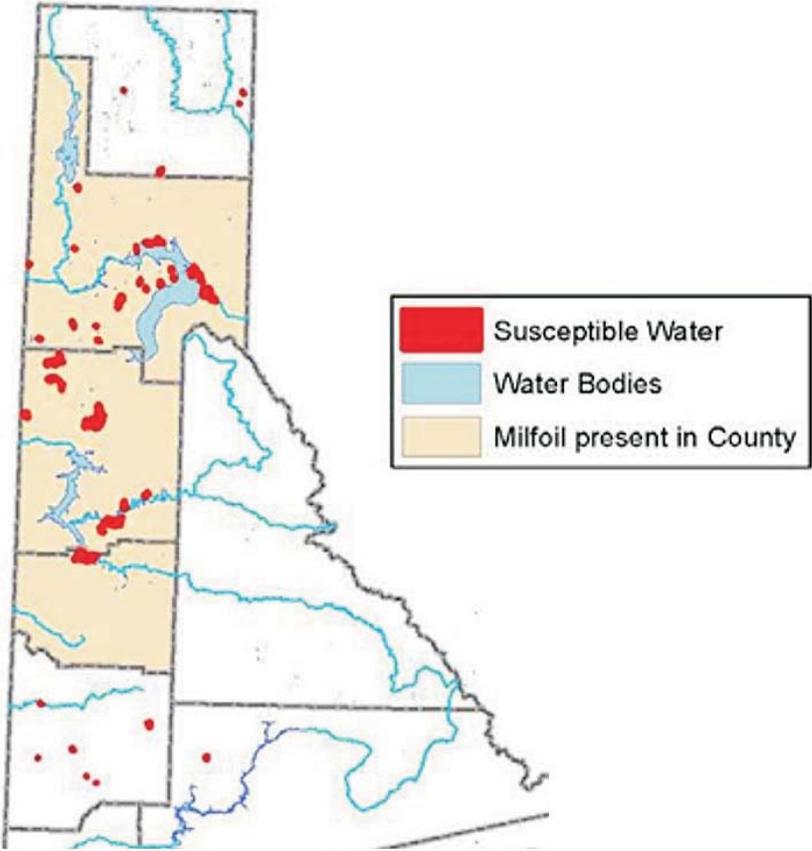
Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Kootenai County's basic financial statements. The supplemental information section as listed in the table of contents, including the schedule of expenditures of federal awards, which is 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
July 22, 2008

Management's Discussion and Analysis

Surveys of the waters of Idaho have identified the areas where Milfoil has taken hold.



KOOTENAI COUNTY
Management's Discussion and Analysis
For the Year Ended September 30, 2007
(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, 2007. 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 2007 are as follows:

At the end of the current year, the County's governmental activities reported a combined ending net asset balance of \$108,823 thousand. Of this amount, \$30,589 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 \$20,207 thousand, which represents a 15.4 % increase from the prior year and represents 47.1 % of total General Fund expenditures. The increase in unreserved fund balance is explained by higher than expected budgeted revenues of \$200 thousand in interest and \$450 thousand in charges for service revenues.

The County maintained its policy of fiscal discipline by controlling expenditures in 2007. Operating expenditures were under budget by \$2,574 thousand or 12 % compared to 2007 budget due to decreased service expenditures. Additionally, capital expenditures were under budget in the current year by \$962 thousand or 28.5 % compared to budget with major computer project expenditures carrying over into Fiscal Year 2008.

The county continues to maintain a very low level of debt that significantly strengthens its balance sheet position. Debt decreased by 49.9% over the prior year to \$682 thousand at September 30, 2007.

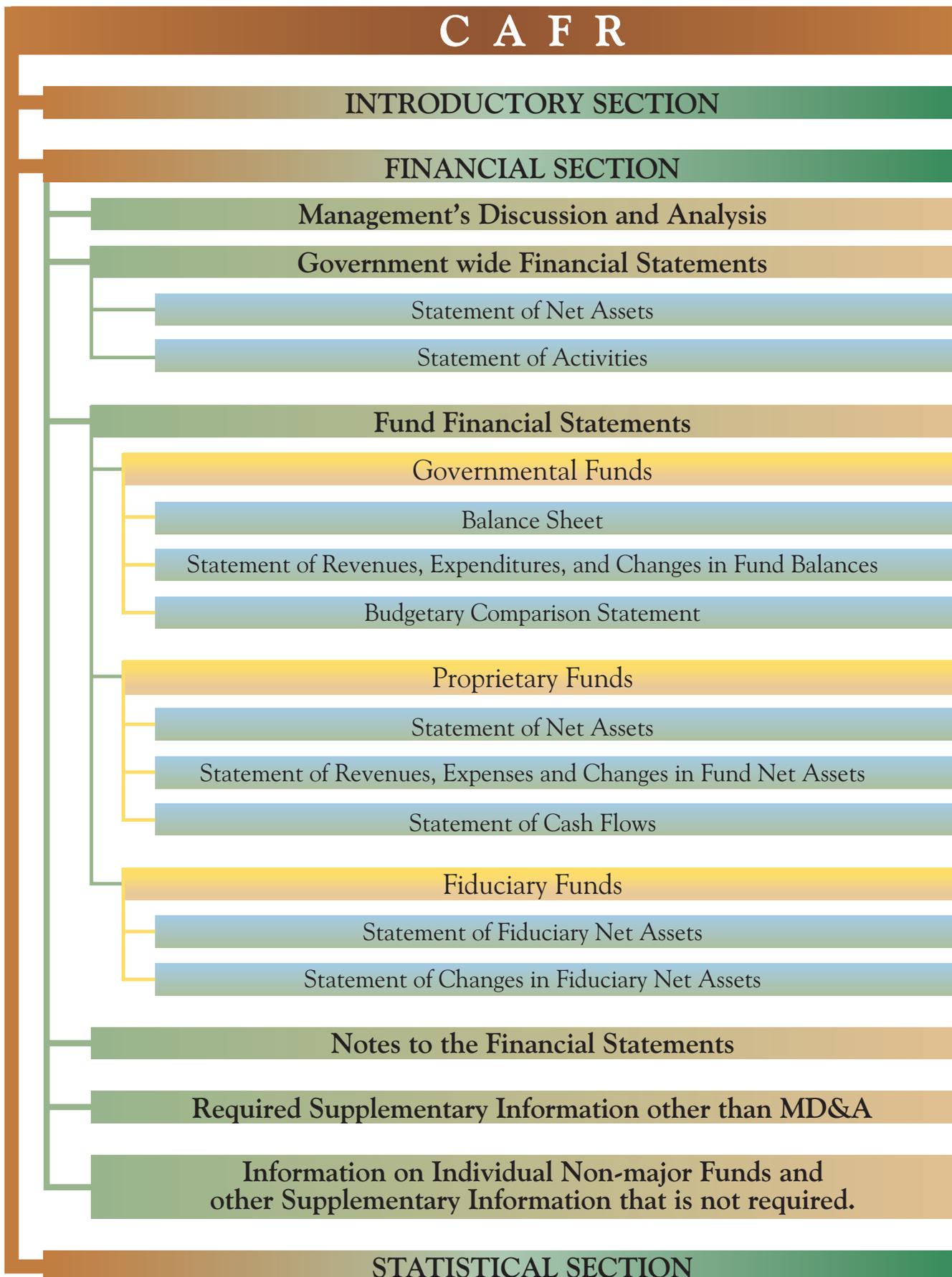
Net justice activities contributed \$2,246 thousand to the fund balance through higher than expected governmental revenues, namely charges for services, and interest revenues. Additionally, justice operations were significantly below budget due to lower than expected outlays for out-of-county prisoner housing expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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
Scope	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
Accounting basis and measurement focus	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
Type of asset and liability information	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
Type of inflow and outflow information	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 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 non-major governmental fund 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 2006 and 2007:

	Kootenai County's Net Assets (amounts in 000)						
	Governmental Activities		Business-type Activities		Total		Total % Change
	2006	2007	2006	2007	2006	2007	2006-2007
Current and other assets	\$ 60,684	\$ 66,674	\$ 24,830	\$ 29,143	\$ 85,514	\$ 95,817	12.0%
Capital assets	47,513	48,373	13,046	13,296	60,559	61,669	1.8%
Total assets	108,197	115,047	37,876	42,439	146,073	157,486	7.8%
Long-term debt outstanding	4,804	4,506	181	203	4,985	4,709	-5.5%
Other liabilities	32,489	38,607	4,683	5,348	37,172	43,955	18.2%
Total liabilities	37,293	43,113	4,864	5,551	42,157	48,664	15.4%
Net assets							
Invested in capital assets, net of related debt	46,152	47,603	13,046	13,296	59,198	60,899	2.9%
Restricted	6,465	1,562	15,955	15,772	22,420	17,334	-22.7%
Unrestricted	18,286	22,769	4,012	7,820	22,298	30,589	37.2%
Total net assets	\$ 70,903	\$ 71,934	\$ 33,013	\$ 36,888	\$ 103,916	\$ 108,822	4.7%

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 \$34,749 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 Governments assets exceeded liabilities by \$108,822 thousand (\$71,934 thousand in governmental activities and \$36,888 in business activities) as of September 30, 2007. By far, the largest portion of the County’s net assets \$60,899 thousand, 56%, 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 outstanding debt used to acquire those assets. 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, \$17,334 thousand or 15.9% represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, \$30,589 thousand or 28.1% 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 the 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 2007

Table 2, shows the changes in net assets for 2006 and 2007:

Changes in Kootenai County's Net Assets as of September 30, 2006 and 2007 (amounts in 000)							
	Governmental Activities		Business-type Activities		Total		Percentage Change
	2006	2007	2006	2007	2006	2007	2006-2007
Revenues							
Program revenues							
Charges for services	\$ 22,679	\$ 23,890	\$ 9,801	\$ 10,300	\$ 32,480	\$ 34,190	5.3%
Federal grants	4,996	2,712	-	-	4,996	2,712	-45.7%
State grants	1,842	1,275	-	-	1,842	1,275	-30.8%
General revenues							
Property taxes	26,922	28,408	-	-	26,922	28,408	5.5%
Sales taxes	1,878	-	-	-	1,878	-	-100.0%
Other	2,513	3,309	1,231	1,471	3,744	4,780	27.7%
Total revenues	60,830	59,594	11,032	11,771	71,862	71,365	-0.7%
Expenses							
General government	24,302	25,878	-	-	24,302	25,878	6.5%
Public works	2,246	2,292	-	-	2,246	2,292	2.0%
Public safety	23,289	26,488	-	-	23,289	26,488	13.7%
Sanitation weed control	538	577	-	-	538	577	6.8%
Health and welfare	2,912	2,660	-	-	2,912	2,660	-8.7%
Culture and recreation	1,100	1,085	-	-	1,100	1,085	-1.4%
Capital projects	9	47	-	-	9	47	422.2%
Interest on long term debt	169	55	-	-	169	55	-67.5%
Solid waste	-	-	7,378	7,379	7,378	7,379	0.0%
Total expenses	54,565	59,082	7,378	7,379	61,943	66,461	7.3%
Excess before special items and transfers	6,265	512	3,654	4,392	9,919	4,904	-50.6%
Gain on sale of assets	-	-	(1)	1	(1)	1	-200.0%
Transfers In (out)	519	519	(519)	(519)	-	-	0.0%
Increase (decrease) net assets	\$ 6,784	\$ 1,031	\$ 3,134	\$ 3,874	\$ 9,918	\$ 4,905	-50.5%

Governmental Activities

Charges for services program revenues increased overall by \$1,211 thousand, or 5.3% for the current year. Charges for services are the County's second largest source of program revenue next to property tax revenue, accounting for \$23,890 thousand or 40.0% of total governmental revenues. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

The County's grant revenues from Federal and State sources made up \$3,987 thousand or 6.6% 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 \$28,408 thousand of the \$59,594 thousand total revenues for governmental activities, or 47.6% of total revenues, and the general government property tax revenues increased by \$1,486 thousand or 5.5% from the prior year.

The Sheriff's Jail program accounted for \$7,703 thousand of the \$59,082 thousand total expenses for governmental activities, or 13.0%. The next largest program was Sheriff's Patrol, accounting for \$4,777 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 \$1,812 thousand. Federal grant revenues decreased \$2,284 thousand from the prior year as a result of the completion of significant Airport Improvement Project in fiscal year 2006. County revenue decreases were mostly offset by increases of \$1,640 thousand in General government operating revenues, as well as revenue increases of \$1,211 thousand in charges for services.

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.

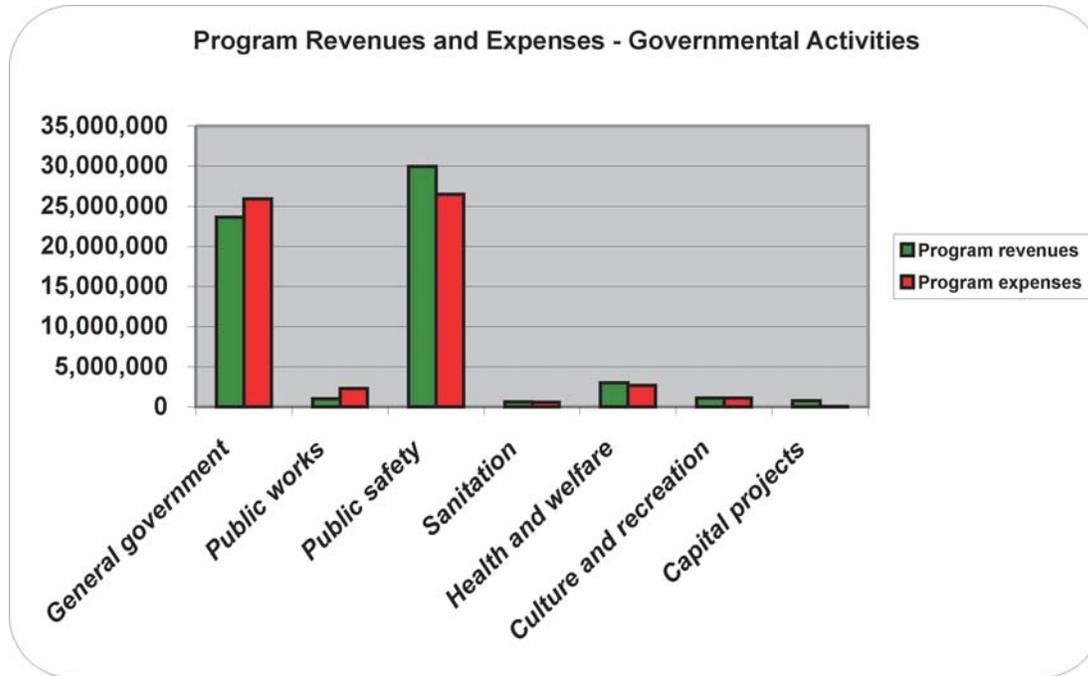
Net Cost of Kootenai County's Governmental Activities
as of September 30, 2006 and 2007
(amounts in 000)

	Total Cost of Services		Percentage Change	Net Cost of Service		Percentage Change
	2006	2007	2006-2007	2006	2007	2006-2007
General government	\$ 24,302	\$ 25,878	6.5%	\$ 10,457	\$ 10,847	3.7%
Public works	2,246	2,292	2.0%	2,187	2,227	1.8%
Public safety	23,289	26,488	13.7%	12,902	15,445	19.7%
Sanitation (Weed control)	538	577	7.3%	276	303	9.7%
Health and welfare	2,912	2,660	-8.6%	2,912	2,660	-8.6%
Culture and recreation	1,100	1,085	-1.4%	532	270	-49.5%
Capital projects	9	47	419.5%	(4,387)	(601)	-86.3%
Other	169	55	-67.2%	169	55	-67.2%
Total	\$ 54,565	\$ 59,082	8.3%	\$ 25,048	\$ 31,206	24.6%

The general governments total net cost of services increased by \$6,158 thousand, or 24.6% compared to the prior year. This significant increase in net costs is attributed to the decrease in grant revenues related to capital projects. Revenue associated with capital airport grant projects decreased \$3,433 thousand from the prior year. Additionally, net cost of services increased \$1,163 thousand due to rising health care costs. These governmental activities are funded by property taxes, sales taxes, and intergovernmental revenues. Also, charges for services and operating grants program revenues of \$26,733 thousand (45.2% of the total costs of services) are used to fund the general government expenses of the County. (See Table 3 above)

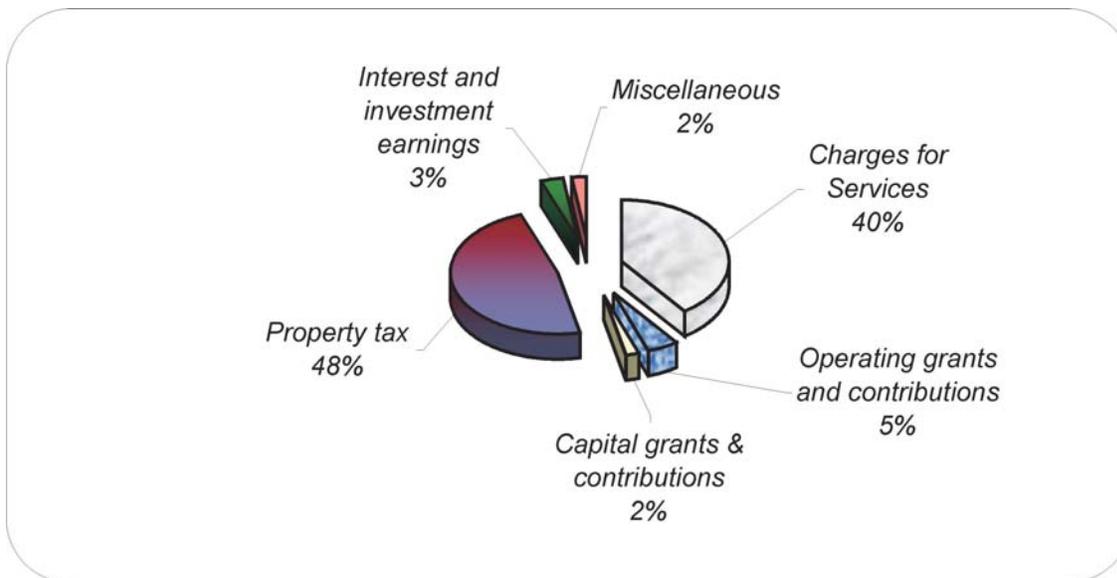
Capital projects and capital grant revenues decreased in 2007 as major Airport construction grant funds provided by the Federal Transportation Administration were received and spent in the prior year. Combined capital project and capital grant revenue decreased from \$4,396 thousand in 2006 to \$748 thousand in 2007 as these construction grants were completed.

Figure 1: Program Revenues and Expenses - Governmental Activities



As of September 30, 2007, the one of the County’s major governmental funds, Resort Sales Tax, contributed a reserved fund balance of \$4,048 thousand for property tax relief in the current year. 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 \$1,878 thousand to \$0 which reflects the closure of the local option sales tax collection as of October 31, 2005.

Figure 1A: Revenues by Source-Government Activities



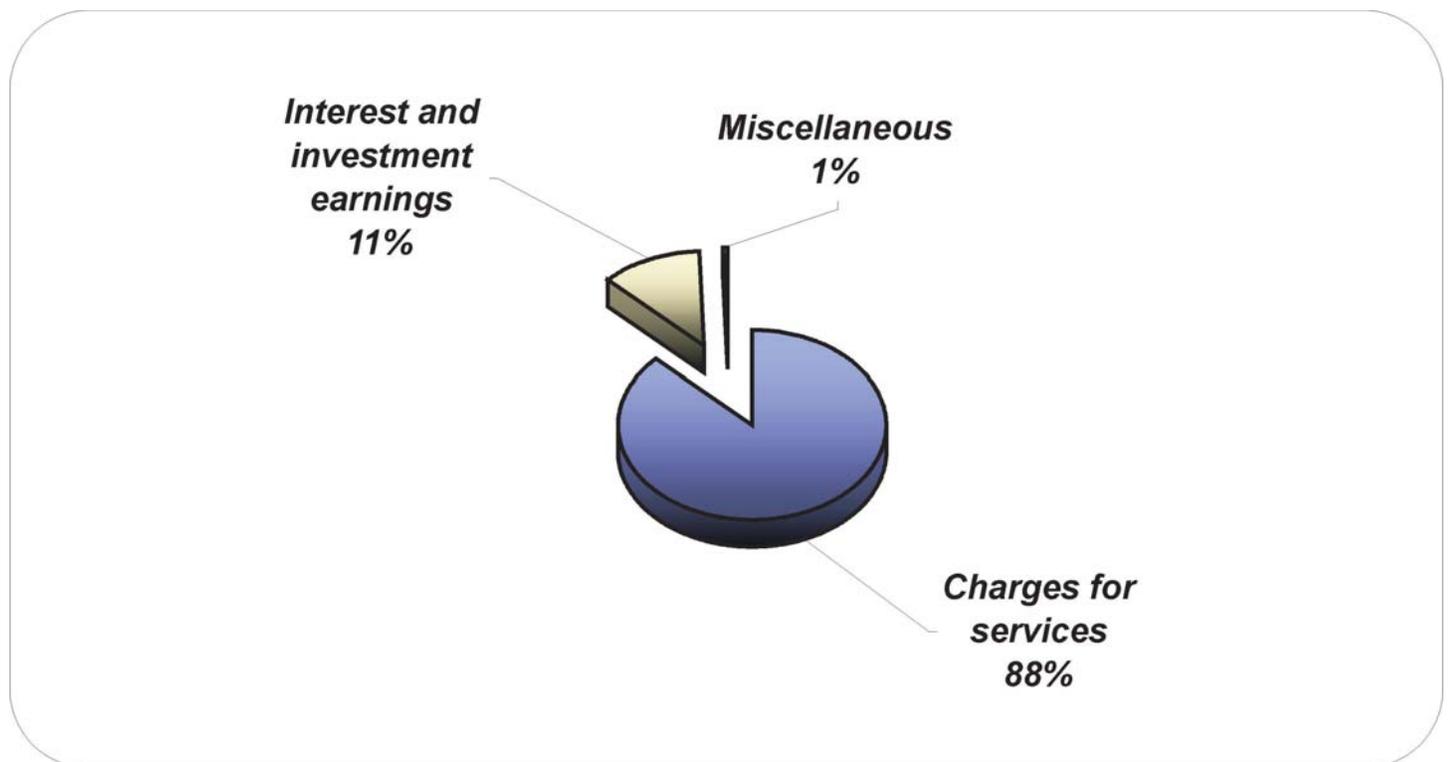
Business-Type Activities

The net assets for business-type activities increased by \$3,874 thousand during 2007, accounting for 78.9 % of the overall change in Net Assets of the primary government. For the current year, business-type major program revenue source had charges for service of \$10,300 thousand. (See figure 2) A large part of this increase is due to the rate change effective October 2006 approved by the Board of County Commissioners (BOCC).

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 2008 projects include a new transfer station with a capital development cost of \$12,800 thousand and is planned to be built near the City of Post Falls, Idaho. Additionally, the landfill will open a new cell for operations with current appropriations totaling \$1,150 thousand (on an anticipated project of \$5,269 thousand) through 2008 and capital equipment replacement and upgrades totaling \$1,576 thousand. The accumulated resources in the Solid Waste Fund will eliminate the need for any future capital financing costs for these planned capital activities.

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, 2007, the County's governmental funds reported a combined ending fund balance of \$26,575 thousand, an increase of \$389 thousand in comparison with the prior year. Approximately 86.3% of this total or \$22,937 thousand constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is reserved (approximately 13.7% or \$3,638 thousand), is committed for a variety of restricted purposes.

The General Fund is the primary operating fund of the County. At the end of 2007, unreserved fund balance was \$20,207 thousand, while total fund balance was \$23,783 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 anticipated activity expenditures of \$56,427 thousand. Unreserved fund balance represents 35.8% of total General Fund expenditures, while total fund balance represents 42.1 % of that same amount.

The County's General Fund balance has increased by \$2,958 thousand or 14.2 % during fiscal year 2007. A key factor in this increase was the under expenditure of budgeted amounts. Additional revenues other than property taxes exceeded expectations by 18.2% or \$2,335 thousand.

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, 2007, were \$7,820 thousand. Unrestricted net assets increased by \$3,808 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 \$1,964 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, 2007, amounts to \$61,669 thousand (net of depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress. (See Table 4 below) The net increase in the county’s investment in capital assets for the current fiscal year (including depreciation, additions and deductions) was 1.8% (a 1.8% increase for governmental activities and a 1.9% increase for business type activities). Table: 4

Table: 4

	Kootenai County's Capital Assets (net of depreciation, in thousands of dollars)						Total Percentage Change 2006-2007
	Governmental Activities		Business-type Activities		Total		
	2006	2007	2006	2007	2006	2007	
Land	\$ 4,115	\$ 4,511	\$ 1,275	\$ 1,294	\$ 5,390	\$ 5,805	7.7%
Buildings	22,719	22,897	338	309	23,057	23,206	0.6%
Improvements other than Buildings	8,881	11,064	9,627	8,809	18,508	19,873	7.4%
Machinery and Equipment	4,157	4,818	1,806	2,178	5,963	6,996	17.3%
Construction in Progress	7,641	5,083	0	706	7,641	5,789	-24.2%
Total	\$ 47,513	\$ 48,373	\$ 13,046	\$ 13,296	\$ 60,559	\$ 61,669	1.8%

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

- ◆ The purchase of additional land for the 3rd Street project totals \$396 thousand for the year and is essential for continued County growth.
- ◆ Current fiscal year expenditures for ongoing improvements to the infrastructure at the Airport are \$4,802 thousand. Of that cost, \$2,736 thousand is for Phase II of the parallel taxiway project and \$1,937 thousand for Phase I of the north-side aircraft apron project that will increase runway access to the north side of the airport, essential for future development and commercial growth.
- ◆ The current year expenditures for homeland security equipment include \$107 thousand for an emergency management mobile command trailer, \$141 thousand for a 700 MHz Trunking system, and \$152 thousand for portable and mobile radios for increased effectiveness in communications.
- ◆ Costs incurred by the Waterways Department for ongoing improvement projects including docks, gangways, and piers for general public use totaled \$395 thousand.
- ◆ The Sheriffs Department purchased fifteen patrol vehicles, as well as radios, radars, and light bars; expenditures totaled \$794 thousand.
- ◆ The Solid Waste Department continued with improvements to the Sun-Up Bay Transfer Station with additional fencing and asphalt paving with total costs of \$68 thousand. The Solid Waste department also replaced equipment and vehicles, in the amount of \$761 thousand. The most significant item being: a new Ripper Dozer costing \$109 thousand for the Fighting Creek operations.

Additional information on Kootenai County’s capital assets can be found in Note 5 (Capital Assets) to the financial statements for fiscal year 2007.

Long-Term Debt – At September 30, 2007, the County had total general obligation debt outstanding of \$682 thousand. The County’s long-term debt decreased by \$678 thousand or 49.9 % during fiscal year 2007, explained in a large part by the retirement of the County Administration Building Note.

	Kootenai County's Outstanding Debt (amounts in 000)		
	Governmental Activities		Total Percentage Change
	2006	2007	2006-2007
Equipment leases	\$ 258	\$ 110	-57.4%
Facility leases	1,102	572	-48.1%
Total	\$ 1,360	\$ 682	-49.9%

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 growth path that has been in place for several years. Under current projections and trends activity will continue to slow down over the coming year, but will still continue to expand.

While population growth had been steady around 4% for each of the previous three years, this year the increase was only 2.2%. The July 2007 population estimate is 134,442. Housing starts continue to decrease while permits for commercial construction increase, yet the value of all construction permits rose by 25% over last year. Assessed value for all property types in Kootenai County topped \$17 billion this fiscal year, an increase of \$4.6 billion 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 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 new businesses consistently move into the area. Our unemployment rate continues to remain exceptionally low with the unemployment rate of 3.0% compared with a 3.3% local rate and a 4.6% national rate for the same time period last year.

Investment earnings continued to improve, despite a decreasing federal funds rate. The State Legislature has passed new legislation regarding Urban Renewal Districts (URDs), which provides 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 new legislation takes that funding away. There has not been any other 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 2008 budget.

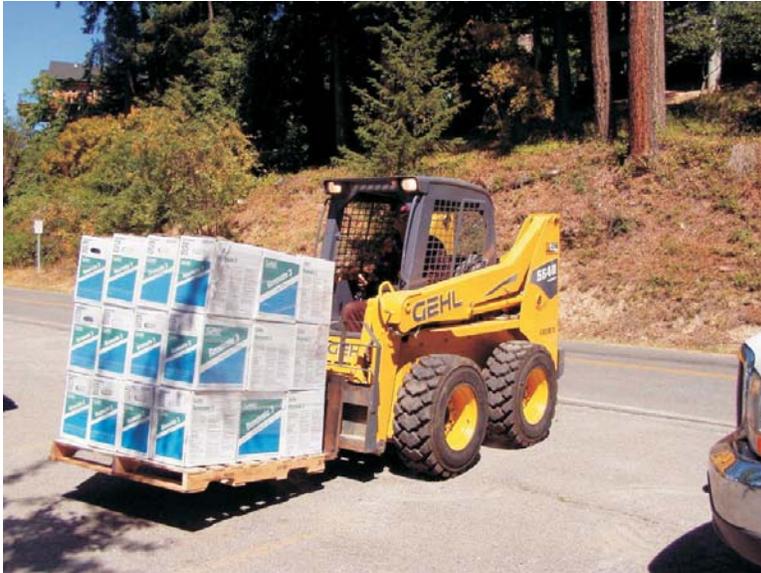
REQUEST FOR INFORMATION

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

Efforts to control Milfoil have been increased each year since it's discovery in local waterways.



Special herbicides for aquatic use.



Applying granular herbicide.

KOOTENAI COUNTY, IDAHO
Statement of Net Assets
September 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Fair & Rodeo Dec. 31, 2005	North Idaho KCEMSS Sept. 30, 2006
ASSETS					
Cash in bank and investments	\$ 27,941,231	\$ 22,948,646	\$ 50,889,877	\$ 450,778	\$ 2,067,164
Taxes current	34,749,987	-	34,749,987	-	-
Taxes delinquent-receivable	1,508,186	289,467	1,797,653	-	-
Accounts receivable, (net)	2,119,448	889,610	3,009,058	1,372	1,179,111
Interest receivable	139,949	143,424	283,373	-	-
Grants receivable	155,006	-	155,006	-	-
Inventories and prepaid expenses	59,923	2,707	62,630	-	11,559
Restricted assets:					
Cash held for closure and postclosure	-	4,869,000	4,869,000	-	-
Capital Assets:					
Land	4,511,268	1,293,975	5,805,243	-	-
Depreciable assets, (net)	38,707,631	11,295,756	50,003,387	1,505,788	878,307
Non-Depreciable other assets	71,503	-	71,503	-	72,600
Construction in progress	5,082,935	706,446	5,789,381	73,360	-
Total Assets	\$ 115,047,067	\$ 42,439,031	\$ 157,486,098	\$ 2,031,298	\$ 4,208,741
LIABILITIES					
Accounts payable	\$ 2,518,084	\$ 420,579	\$ 2,938,663	\$ 5,996	\$ 45,831
Interest payable	5,382	-	5,382	-	-
Deferred property tax revenues	34,749,986	-	34,749,986	-	-
Payroll and related liabilities	1,167,949	58,253	1,226,202	-	-
Other accrued liabilities	-	-	-	19,544	7,997
Deferred grant revenues	164,962	-	164,962	-	-
Non-current liabilities:					
Due within one year	381,306	21,656	402,962	-	-
Due in more than one year	4,125,002	181,291	4,306,293	-	-
Landfill closure liability	-	4,869,000	4,869,000	-	-
Total Liabilities	43,112,671	5,550,779	48,663,450	25,540	53,828
NET ASSETS					
Invested in capital assets, net of related debt	47,603,618	13,296,177	60,899,795	1,579,148	878,307
Restricted for:					
Sheriff Snowmobile	32,665	-	32,665	-	-
Juvenile justice services	212,199	-	212,199	-	-
Court interlock	27,324	-	27,324	-	-
Capital appropriations carryover	831,315	10,902,820	11,734,135	-	-
Landfill closure	-	4,869,000	4,869,000	-	-
Other Purposes	458,432	-	458,432	-	-
Unrestricted :					
Governmental type activities	22,768,843	-	22,768,843	-	-
Business type activities	-	7,820,255	7,820,255	426,610	3,276,606
Total Net Assets	71,934,396	36,888,252	108,822,648	2,005,758	4,154,913
Total Liabilities and Net Assets	\$ 115,047,067	\$ 42,439,031	\$ 157,486,098	\$ 2,031,298	\$ 4,208,741

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, 2007

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions
Primary government:				
Governmental activities:				
General government	\$ 25,877,784	\$ 12,678,849	\$ 1,974,709	\$ 377,161
Public works	2,292,000	64,879	-	-
Public safety	26,488,160	10,490,976	548,900	2,836
Sanitation	577,316	149	274,440	-
Health and welfare	2,660,304	-	-	-
Culture and recreation	1,084,752	655,560	-	160,362
Capital projects	46,759	-	44,255	603,472
Interest on long-term debt	55,382	-	-	-
Total governmental activities	59,082,457	23,890,413	2,842,304	1,143,831
Business-type activities:				
Solid waste and landfill	7,378,639	10,300,164	-	-
Total business-type activities	7,378,639	10,300,164	-	-
Total primary government	\$ 66,461,096	\$ 34,190,577	\$ 2,842,304	\$ 1,143,831
Component units:				
County fair	\$ 862,300	\$ 440,739	-	-
KCEMSS	3,933,041	2,803,028	-	-
Total component units	\$ 4,795,341	\$ 3,243,767	-	-

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Miscellaneous
- Interest and investment earnings
- Gain 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 2007

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Units	
			North Idaho Fair & Rodeo	KCEMSS
\$ (10,847,065)	\$ -	\$ (10,847,065)	-	-
(2,227,121)	-	(2,227,121)	-	-
(15,445,448)	-	(15,445,448)	-	-
(302,727)	-	(302,727)	-	-
(2,660,304)	-	(2,660,304)	-	-
(268,830)	-	(268,830)	-	-
600,968	-	600,968	-	-
(55,382)	-	(55,382)	-	-
(31,205,909)	-	(31,205,909)	-	-
-	2,921,525	2,921,525	-	-
-	2,921,525	2,921,525	-	-
(31,205,909)	2,921,525	(28,284,384)	-	-
			\$ (421,561)	\$ -
			-	(1,130,013)
			(421,561)	(1,130,013)
28,407,578	-	28,407,578	100,000	1,547,903
1,393,356	44,530	1,437,886	374,705	1,389
1,916,813	1,426,946	3,343,759	13,691	122,159
-	600	600	-	15,284
519,116	(519,116)	-	-	-
32,236,863	952,960	33,189,823	488,396	1,686,735
1,030,954	3,874,485	4,905,439	66,835	556,722
70,903,442	33,013,767	103,917,209	1,938,923	3,598,191
\$ 71,934,396	\$ 36,888,252	\$ 108,822,648	\$ 2,005,758	\$ 4,154,913

KOOTENAI COUNTY, IDAHO
Balance Sheet
Governmental Funds
September 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash in bank and investments	\$ 23,885,253	\$ 3,768,705	\$ 27,653,958
Taxes delinquent-receivable	1,123,432	384,754	1,508,186
Accounts receivable, (net)	2,011,395	102,784	2,114,179
Interest receivable	139,443	506	139,949
Grants receivable	25,074	129,932	155,006
Leases receivable	25,544	-	25,544
Prepays	53,819	6,104	59,923
Due from other funds	391,005	-	391,005
Total Assets	\$ 27,654,965	\$ 4,392,785	\$ 32,047,750
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,591,448	\$ 676,769	\$ 2,268,217
Payroll and related liabilities	788,127	105,821	893,948
Deferred revenues	397,813	37,093	434,906
Deferred property taxes	964,844	328,828	1,293,672
Deferred grant revenues	129,589	35,373	164,962
Due to other funds	-	391,005	391,005
Leases payable-long term	-	25,544	25,544
Total Liabilities	3,871,821	1,600,433	5,472,254
Fund Balances:			
Reserved for:			
Juvenile justice services	212,199	-	212,199
Court interlock	27,324	-	27,324
Capital purchases	1,614,644	-	1,614,644
Replacement reserve	462,000	-	462,000
Sheriff snowmobile	-	32,665	32,665
Property tax relief	-	-	-
Capital appropriations carryover	801,315	30,000	831,315
Other purposes	458,432	-	458,432
Unreserved:			
General Fund	20,207,230	-	20,207,230
Special Revenue Funds	-	2,954,074	2,954,074
Capital Projects Funds (deficit)	-	(224,387)	(224,387)
Total Fund Balances	23,783,144	2,792,352	26,575,496
Total Liabilities and Fund Balances	\$ 27,654,965	\$ 4,392,785	\$ 32,047,750

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, 2007

Total governmental fund balances (page 32)	\$	26,575,496
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:		48,373,337
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property Taxes	1,293,672	
Intergovernmental	397,813	
Fines and forfeitures	37,093	
Total		1,728,578
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(5,382)
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.		(231,326)
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	(764,336)	
Compensated Absences	(3,741,971)	
Total		(4,506,307)
Total Net Assets of Governmental Activities as shown on the Statement of Net Assets:	\$	71,934,396

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

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 20,922,407	\$ 7,385,011	\$ 28,307,418
Licenses and permits	1,285,401	147,329	1,432,730
Intergovernmental	8,809,527	2,675,318	11,484,845
Interest	1,875,126	41,687	1,916,813
Fines and forfeitures	462,677	833,869	1,296,546
Charges for services	7,511,597	872,705	8,384,302
Miscellaneous	596,832	1,429,621	2,026,453
Total Revenues	41,463,567	13,385,540	54,849,107
Expenditures			
Current:			
General government	15,856,833	6,654,395	22,511,228
Public works	-	680,475	680,475
Public safety	22,390,712	-	22,390,712
Sanitation	-	549,858	549,858
Health & welfare	334,129	2,263,831	2,597,960
Culture and recreation	5,753	887,433	893,186
Capital projects	-	46,759	46,759
Debt Service:			
Principal retirement	596,340	-	596,340
Interest expense	57,068	2,280	59,348
Capital Outlay:			
Capital expenditures	3,372,582	315,284	3,687,866
Construction in progress	279,942	694,912	974,854
Total Expenditures	42,893,359	12,095,227	54,988,586
Excess of Revenues Over (Under) Expenditures	(1,429,792)	1,290,313	(139,479)
Other Financing Sources (Uses)			
Proceeds insurance	9,625	-	9,625
Transfers In	9,544,406	292,990	9,837,396
Transfers (out)	(5,166,146)	(4,152,134)	(9,318,280)
Total Other Financing Sources (Uses)	4,387,885	(3,859,144)	528,741
Net Change in Fund Balances	2,958,093	(2,568,831)	389,262
Fund Balances Beginning of Year	20,825,051	5,361,183	26,186,234
Fund Balances End of Year	\$ 23,783,144	\$ 2,792,352	\$ 26,575,496

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, 2007

Net change in fund balances - total governmental funds (page 34)	\$	389,262
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.		100,160
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. (\$4,662,721 - \$3,800,059)		862,662
Loss on disposal of capital assets		(2,530)
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.		596,340
Insurance proceeds provide current financial resources to governmental funds. This is the amount by which insurance proceeds exceeded repayments.		(9,625)
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.		(294,826)
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.		(610,489)
Total Change in Net Assets of Governmental Activities as shown on the Statement of Activities	\$	<u>\$1,030,954</u>

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

KOOTENAI COUNTY, IDAHO
Statement of Net Assets
Proprietary Funds
September 30, 2007 and 2006

	Business-type activity		Governmental-type activity	
	Solid Waste	Enterprise Fund	Health Insurance	Internal Service Fund
	2007	2006	2007	2006
Assets				
Current Assets:				
Cash and cash equivalents	\$ 22,948,646	\$ 19,184,064	\$ 287,273	\$ 931,237
Taxes delinquent-receivable	289,467	185,850	-	-
Accounts receivable, (net)	889,610	1,101,210	5,269	-
Interest receivable	143,424	14,996	-	-
Inventories and prepaid expenses	2,707	-	-	-
Total Current Assets	<u>24,273,854</u>	<u>20,486,120</u>	<u>292,542</u>	<u>931,237</u>
Noncurrent Assets:				
Restricted Assets:				
Cash held for closure and post closure	4,869,000	4,345,000	-	-
Capital Assets:				
Land	1,293,975	1,275,290	-	-
Depreciable capital assets, (net)	11,295,756	11,770,928	-	-
Construction in progress	706,446	-	-	-
Total Noncurrent Assets	<u>18,165,177</u>	<u>17,391,218</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 42,439,031</u>	<u>\$ 37,877,338</u>	<u>\$ 292,542</u>	<u>\$ 931,237</u>
Liabilities				
Current Liabilities:				
Accounts payable	\$ 420,579	\$ 303,758	\$ 249,867	\$ 239,461
Payroll and other related liabilities	58,253	-	274,001	-
Other accrued liabilities	-	33,522	-	312,613
Total Current Liabilities	<u>478,832</u>	<u>337,280</u>	<u>523,868</u>	<u>552,074</u>
Long-Term Liabilities:				
Due within one year	21,656	5,524	-	-
Due in more than one year	181,291	175,767	-	-
Landfill closure liability	4,869,000	4,345,000	-	-
Total Long-Term Liabilities	<u>5,071,947</u>	<u>4,526,291</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>5,550,779</u>	<u>4,863,571</u>	<u>523,868</u>	<u>552,074</u>
Net Assets				
Invested in capital assets (deficit), net of related debt	13,296,177	13,046,218	-	-
Restricted for:				
Landfill closure	4,869,000	4,345,000	-	-
Capital appropriations carryover	10,902,820	11,610,000	-	-
Unrestricted	7,820,255	4,012,549	(231,326)	379,163
Total Net Assets	<u>36,888,252</u>	<u>33,013,767</u>	<u>(231,326)</u>	<u>379,163</u>
Total Liabilities and Net Assets	<u>\$ 42,439,031</u>	<u>\$ 37,877,338</u>	<u>\$ 292,542</u>	<u>\$ 931,237</u>

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

KOOTENAI COUNTY, IDAHO
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Years Ended September 30, 2007 and 2006

	Business-type activity		Governmental-type activity	
	Solid Waste	Enterprise Fund	Health Insurance	Internal Service Fund
	2007	2006	2007	2006
Operating Revenues				
Charges for services	\$ 10,300,164	\$ 9,801,280	\$ 4,541,454	\$ 4,339,967
Miscellaneous	44,530	71,336	-	-
Total Operating Revenues	10,344,694	9,872,616	4,541,454	4,339,967
Operating Expenses				
Personal services	2,205,922	2,056,664	11,606	11,188
Professional services	1,769,905	1,732,921	5,242,685	4,079,904
Utilities	92,128	88,696	-	-
Materials and supplies	681,064	678,632	-	-
Maintenance and repairs	265,428	296,278	-	-
Other services and expenses	336,843	125,716	1,225	1,300
Depreciation and amortization	1,503,349	1,760,494	-	-
Landfill closure and post closure expense (note 9)	524,000	638,000	-	-
Total Operating Expenses	7,378,639	7,377,401	5,255,516	4,092,392
Operating Income	2,966,055	2,495,215	(714,062)	247,575
Non-Operating Revenues (Expenses)				
Intergovernmental revenues	-	-	103,573	77,354
Interest and investment revenue	1,426,946	1,160,468	-	-
Miscellaneous revenue	-	-	-	-
Gain (loss) on sale of assets	600	(1,234)	-	-
Total Non-Operating Revenues (Expenses)	1,427,546	1,159,234	103,573	77,354
Income before Contributions and Transfers	4,393,601	3,654,449	(610,489)	324,929
Transfers In	-	885,116	-	-
Transfers (out)	(519,116)	(1,404,232)	-	-
Change in Net Assets	3,874,485	3,135,333	(610,489)	324,929
Net Assets Beginning of Year	33,013,767	29,878,434	379,163	54,234
Net Assets End of Year	\$ 36,888,252	\$ 33,013,767	\$ (231,326)	\$ 379,163

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 Years Ended September 30, 2007 and 2006

	Business-type Activities - Enterprise Fund Solid Waste		Governmental Activities Internal Service Fund Health Insurance	
	2007	2006	2007	2006
Cash Flows from Operating Activities				
Cash received from customers	\$ 10,405,440	\$ 10,021,136	\$ 4,536,185	\$ 4,344,462
Other cash receipts	44,530	71,336	-	-
Cash payments to employees	(2,159,535)	(2,087,219)	(11,606)	(11,188)
Cash payments for goods and services	(3,028,547)	(2,884,989)	(5,272,116)	(3,822,869)
Internal activity - payments from other funds	(128,428)	(6,982)	-	-
Net cash provided by operating activities	5,133,460	5,113,282	(747,537)	510,405
Cash Flows from Noncapital Financing Activities				
Intergovernmental revenues	-	-	103,573	77,354
Transfers out	(519,116)	(519,116)	-	-
Net cash provided (used) by noncapital financing activities	(519,116)	(519,116)	103,573	77,354
Cash Flows from Capital and Related Financing Activities				
Payments for capital acquisitions	(1,753,308)	(678,888)	-	-
Insurance proceeds	-	-	-	-
Proceeds from sale of capital assets	600	-	-	-
Net cash used by capital and related financing activities	(1,752,708)	(678,888)	-	-
Cash Flows from Investing Activities				
Interest on investments	1,426,946	1,160,468	-	-
Net cash provided by investing activities	1,426,946	1,160,468	-	-
Net increase in Cash and Cash Equivalents	4,288,582	5,075,746	(643,964)	587,759
Cash and Cash Equivalents Beginning of Year	23,529,064	18,462,318	931,237	343,478
Cash and Cash Equivalents End of Year	\$ 27,817,646	\$ 23,538,064	\$ 287,273	\$ 931,237
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 2,966,055	\$ 2,495,215	\$ (714,062)	\$ 247,575
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>				
Depreciation	1,503,349	1,760,494	-	-
Loss on disposal of asset	-	-	-	-
<i>(Increase) Decrease in Assets:</i>				
Accounts receivable	107,983	219,856	(5,269)	4,495
Interest receivable	(128,428)	(6,982)	-	-
Inventories and prepaid expenses	(2,707)	-	-	-
<i>Increase (Decrease) in Liabilities:</i>				
Accounts payable	116,821	37,254	(28,206)	(54,278)
Accrued payroll	24,731	(69,601)	-	-
Payable accruals	-	33,522	-	312,613
Compensated absences payable	21,656	5,524	-	-
Landfill closure/postclosure liability	524,000	638,000	-	-
Net Cash Provided by Operating Activities	\$ 5,133,460	\$ 5,113,282	\$ (747,537)	\$ 510,405

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, 2007

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash in bank and investments	\$ 6,506,267	\$ 2,842,016
Receivables:		
Taxes delinquent	57,997	3,771,923
Accounts receivable, (net)	33	774,945
Total Assets	6,564,297	\$ 7,388,884
Liabilities		
Accounts payable	60,206	\$ 1,104,769
Deferred compensation payable	1,983,052	-
Deferred property taxes	81,485	-
Due in more than one year	16,227	-
Due to other individuals	9,313	-
Due to agency activity	-	6,284,115
Total Liabilities	2,150,283	\$ 7,388,884
Net Assets		
Held in trust for other purposes	\$ 4,414,014	

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

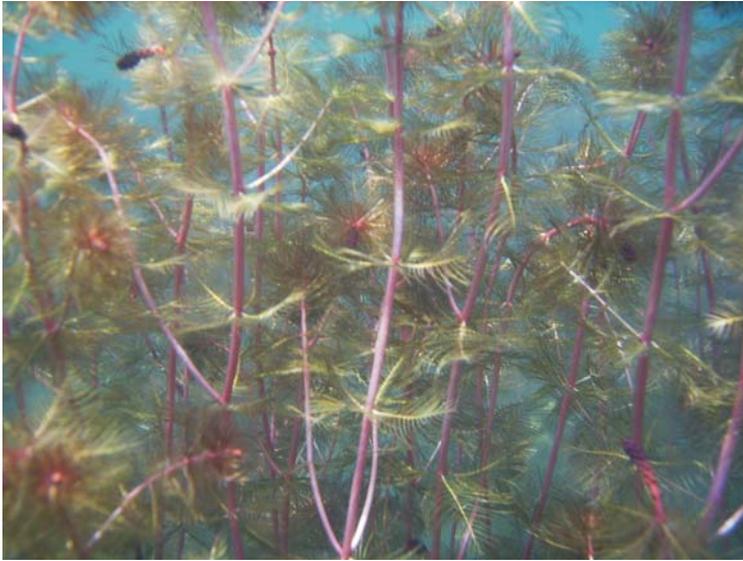
KOOTENAI COUNTY, IDAHO
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2007

	Private-Purpose Trust Funds
	2007
Additions	
Trust receipts	\$ 2,007,108
Total Additions	2,007,108
Deductions	
Trust turnovers	1,983,052
Total Deductions	1,983,052
Increase in Net Assets	24,056
Net Assets Beginning of Year	4,389,958
Net Assets End of Year	\$ 4,414,014

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

Notes to the Financial Statement

Photos of Milfoil before and five weeks after treatment.



NOTES TO THE FINANCIAL STATEMENTS

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KOOTENAI COUNTY, IDAHO
Notes to the Financial Statements
September 30, 2007

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.

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 \$66,835 for the fiscal year ending December 31, 2006. As of September 30, 2007, KCEMSS reported a change in net assets of \$556,722 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, and are not eliminated in the process of consolidation.

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 financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statement. The remaining governmental and business-type funds are considered to be nonmajor funds and are consolidated in a nonmajor funds column (on the combined fund statements). The nonmajor funds are displayed individually in combining 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 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 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 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 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 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 do not have a measurement focus, and use the accrual basis of accounting. Kootenai County utilizes private purpose trust funds for cash bonds, restitution trust, 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 equal liabilities. Agency funds do not have a measurement focus. 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, 2007.

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, then invested by the County Treasurer in certificates of deposit, United States Treasury Securities, and United States Obligations 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 16 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:

The County's compensated absences policy permits employees to accumulate earned but unused vacation and sick leave benefits. Employees earn vacation based on hours worked and years of service and may carry over up to a maximum of 240 hours into the next calendar year. Any unused vacation exceeding 240 hours is forfeited. Upon termination of employment, an employee is paid for unused vacation.

Upon termination or retirement, a portion of accrued sick leave can be paid into a tax free medical savings account (MSA) for public service employees. The amount available to be transferred is based on the employee's hourly compensation rate multiplied by the vested percentage (shown below) of unused accumulated sick leave. An employee may apply up to 60% of a maximum of 800 accrued sick leave hours towards post employment medical benefits.

Years of Service	% Sick Leave Applied to MSA
0 - 4 yrs	0%
5 - 9 yrs	30%
10 - 15 yrs	40%
≥ 16 yrs	60%

A liability is accrued in the government-wide, proprietary, and fiduciary fund financial statements for all vacation pay and accrued sick leave when incurred. The liability is based on the pay rate in effect at the balance sheet date.

At September 30, 2007, total compensated absences payable by the County is \$3,944,919. Of this amount, \$3,741,971 arises from governmental activity operations, and \$202,947 is attributable to business activity operations. See footnote 7 for the 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 \$4,506,308 difference are as follows:

Capital Leases - current balances as of 9/30/07

Equipment leases	\$	142,241	
Facility leases		<u>622,095</u>	
Total Capital leases	\$		764,336

Compensated absences 3,741,971

Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities* \$ 4,506,307

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 \$(231,326) difference are as follows.

Net assets of the internal service fund	\$	292,542
Less: Internal payables		<u>(532,868)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$	<u>(231,326)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The details of this \$862,662 difference are as follows:

Capital outlay	\$	4,662,721
Depreciation expense		(3,800,059)

Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	\$	862,662
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Property taxes in the amount of \$100,160 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 \$596,340 exceeded proceeds.

Insurance proceeds provide current financial resources to governmental funds. The amount by which insurance proceeds exceed prepayments is \$(9,625)

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 \$(294,826) difference are as follows:

Compensated absences	\$	(298,792)
Change in accrued Interest		3,966

Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	\$	(294,826)
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Another element of the reconciliation states the "internal service funds are used by management to charge the cost of certain activities, such as health insurance, to individual funds." The details of this \$(610,489) difference are as follows:

Revenues:		
Intergovernmental	\$	103,573
Charges for Services		4,541,454
Total Revenues		4,645,027
Less expenditures:		(5,255,516)

Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	\$	(610,489)
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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. See the schedule on page 70 for the details of capital improvement carry forwards.

For the year ending September 30, 2007, there was one supplemental appropriation for unanticipated revenue received over the course of the fiscal year totaling \$1,964,283.

NOTE 3: DEPOSITS AND INVESTMENTS

As of September 30, 2007, Kootenai County had the following investments:

Investment Type (amounts are in thousands)	9/30/2007 (Fair Value)	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 17,248	0.97
State of Idaho Local Government Investment Pool	20,856	0.03
Certificates of Deposits	22,100	0.18
Total fair value of investments:	\$ 60,204	
Portfolio weighted average maturity		0.29

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 allow local government entities of the State of Idaho to aggregate funds for investment purposes. The pooling is intended to improve efficiency and increase 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. Idaho's LGIP is rated by Standard and Poor’s which assigned the portfolio as having ‘extremely strong protection against losses from credit defaults’, and ‘possesses extremely low sensitivity to changing market conditions. Oversight of the LGIP is provided by the STO, and Idaho Code defines allowable investments. An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office. The State of Idaho’s reported weighted average maturity of investments for the LGIP as of September 30, 2007, was 84 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 rated ‘AAAf.’ by Standard and Poor’s Rating Services which signifies that the portfolio holdings provide extremely strong protection against losses from credit default.

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, 2007, the following issuer had more than 5% in concentration of Kootenai County’s total investment portfolio:

Investment Institution	Portfolio %
US Bank	31.6%
Federal National Mortgage Association	15.7%
Federal Home Loan Bank	7.3%

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. 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, 2007, \$31,067 of Kootenai County’s bank balance of \$65,097,121 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 \$50 of KCEMSS’ bank balance of \$2,128,505 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, 2006, because \$115,861 of the North Idaho Fair & Rodeo's bank balance of \$456,238 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. 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 \$17,248,474, Kootenai County has a custodial credit risk exposure of \$518,474 because the related securities are uninsured, unregistered and held by Kootenai County's brokerage firm (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	\$ 139,443	\$ 506	\$ 143,424	\$ 283,373
Accounts Receivable	2,011,395	102,784	946,693	3,060,872
Taxes	1,123,432	384,754	289,467	1,797,653
Grants Receivable	25,074	129,932	-	155,006
Leases Receivable	25,544	-	-	25,544
Gross receivables	3,324,888	617,976	1,379,584	5,322,448
Less: allowance for doubtful accounts	-	-	(57,083)	(57,083)
Net total receivables	\$ 3,324,888	\$ 617,976	\$ 1,322,501	\$ 5,265,365

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, 2007, 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)	\$ 946,844	\$ -
Delinquent property taxes receivable (other governmental funds)	328,827	-
Intergovernmental services not yet performed (general fund)	397,813	-
District Court services not yet performed (other governmental funds)	37,094	-
Grant draw downs prior to meeting all eligibility requirements	-	164,962
Total deferred and unearned revenue for governmental funds	\$ 1,710,578	\$ 164,962

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NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007 was as follows:

GOVERNMENTAL ACTIVITIES	Balance 10/1/06	Additions	Deletions	Balance 9/30/07
Capital assets, not being depreciated:				
Other Assets	\$ 71,503	\$ -	\$ -	\$ 71,503
Land	4,114,968	396,300	-	4,511,268
Construction in progress	7,641,256	974,855	(3,533,176)	5,082,935
Total capital assets, not being depreciated	11,827,727	1,371,155	(3,533,176)	9,665,706
Capital assets, being depreciated:				
Buildings	35,526,208	1,204,748	(12,485)	36,718,471
Improvements other than buildings	18,134,178	3,629,966	-	21,764,144
Machinery and equipment	18,337,891	2,000,333	(331,930)	20,006,295
Total capital assets, being depreciated	71,998,277	6,835,047	(344,415)	78,488,910
Less accumulated depreciation for:				
Buildings	(12,807,561)	(1,018,429)	2,341	(13,823,650)
Improvements other than buildings	(9,252,804)	(1,447,447)	-	(10,700,251)
Machinery and equipment	(14,252,434)	(1,334,183)	329,239	(15,257,378)
Total accumulated depreciation	(36,312,799)	(3,800,059)	331,580	(39,781,279)
Total capital assets, being depreciated, net:	35,685,478	3,034,988	(12,835)	38,707,631
Government activity capital assets, net:	\$ 47,513,205	\$ 4,406,143	\$ (3,546,011)	\$ 48,373,337
BUSINESS-TYPE ACTIVITIES				
	Balance 10/1/06	Additions	Deletions	Balance 9/30/07
Capital assets, not being depreciated:				
Land	\$ 1,275,290	\$ 18,685	\$ -	\$ 1,293,975
Construction in progress	-	706,446	-	706,446
Total capital assets, not being depreciated	1,275,290	725,131	-	2,000,421
Capital assets, being depreciated:				
Buildings	571,660	-	-	571,660
Improvements other than buildings	20,643,522	267,196	-	20,910,718
Machinery and equipment	7,268,610	760,981	(28,565)	8,001,026
Total capital assets, being depreciated	28,483,792	1,028,177	(28,565)	29,483,404
Less accumulated depreciation for:				
Buildings	(234,169)	(28,493)	-	(262,662)
Improvements other than buildings	(11,015,553)	(1,086,247)	-	(12,101,800)
Machinery and equipment	(5,463,141)	(388,610)	28,565	(5,823,186)
Total accumulated depreciation	(16,712,863)	(1,503,350)	28,565	(18,187,648)
Total capital assets, being depreciated, net:	11,770,929	(475,173)	-	11,295,756
Business-type activities capital assets, net:	\$ 13,046,219	\$ 249,958	\$ -	\$ 13,296,177

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

Governmental Activities:	
General Government	\$ 847,791
Public Works	1,547,407
Public Safety	1,276,978
Sanitation	5,730
Health and Welfare	3,027
Culture and Recreation	119,126
Capital Project	-
Total governmental activities current year depreciation expense	\$ 3,800,059
Business-type activity:	
Solid Waste	\$ 1,503,349
Total business-type activities current year depreciation expense	\$ 1,503,349

The above is a summary of general government and solid waste capital assets and related accumulated depreciation as of September 30, 2007.

Kootenai County's Land holdings increased \$396,300 with the acquisition of 3rd Street office building property.

The Construction in Progress balance of \$5,082,935 for fiscal year 2007 includes the following projects:

- Construction costs for the Airport Improvement Projects (AIP) 24 are \$2,736,172. Project includes Phase II construction costs for the main runway's parallel taxiway.
- Construction costs for Phase I of the north side Aircraft Apron are \$1,937,158.
- Construction costs for the first year project, AIP 27, are \$128,863. This project involves construction of new taxi lanes, fencing, and relocation of utilities.
- Project costs associated with the construction and conversion of New World Systems (Logos) Financial and HR Software are \$279,942 for fiscal year 2007.
- Construction costs for the Loch Haven Project are \$800.

Buildings increased by \$1,204,748 which correlates to the purchase and improvements of the 3rd Street Building. Building asset values decreased by \$12,485 for the donation of a toilet facility to the State of Idaho Department of Parks and Recreation. Related depreciation for the asset disposal is \$2,341.

Improvements Other than Buildings increased \$3,629,966 consisting of the following additions:

- Waterway Construction Projects for the Docks and Gangways at Carlin Bay, Bell Bay, Hauser Lake and Harrison, totaled \$395,239. The Waterways Department also constructed a Wave Attenuator at the 3rd Street Breakwater area totaled \$194,389.
- North Side Development construction project at the Airport was completed in the amount of \$2,943,548.
- Sewer and Water improvement projects at the Airport totaled \$73,358.
- Additional improvements at the Airport for fencing and security gate totaled \$23,432.

Additions for Machinery and Equipment of \$2,001,333 includes fifteen sheriff vehicles, four county vehicles, permitting and inspections software, 911 communications equipment, and safety equipment. Disposals for Machinery and Equipment with historical costs of \$331,930 and related depreciation of \$329,239 included thirteen vehicles, two boats, and obsolete office and computer equipment.

The Solid Waste Enterprise Fund capital expenditures during fiscal year 2007 totaled \$1,753,308. This included:

- Land balances increased by \$10,400 for Sun-Up Bay Rural Transfer Station and \$8,285 for the Northern Transfer Station.

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- Construction in Progress increased by \$706,446 for the start of construction at the new Prairie Transfer Station in Post Falls.
- Improvements Other than Buildings included: Sun-Up Bay Transfer Station improvements of \$67,908; Ramsey Transfer Station road construction upgrades of \$105,555; Fighting Creek East Landfill Expansion projects of \$93,733.
- Machinery and Equipment purchases of \$760,981 included a new bulldozer for Fighting Creek and eight transfer trailers for Ramsey Transfer Station.
- Machinery and Equipment disposals totaling \$28,565 included fully depreciated computers and a mulching mower.

Discretely presented component units:

Activity for the Kootenai County Emergency Medical Services System for the year ended September 30, 2007, was as follows:

	Balance 10/1/06	Additions	Deletions	Balance 9/30/07
KCEMSS Component Unit Activity				
Capital assets, being depreciated:				
Machinery and equipment	\$ 292,468	\$ 159,817	\$ (117,727)	\$ 334,558
Vehicles	1,574,319	82,365	(189,600)	1,467,084
Total capital assets, being depreciated	1,866,787	242,182	(307,327)	1,801,642
Less accumulated depreciation for:				
Machinery and equipment	(64,684)	(55,913)	56,540	(64,057)
Vehicles	(826,813)	(222,065)	189,600	(859,278)
Total accumulated depreciation	(891,497)	(277,978)	246,140	(923,335)
Total capital assets, being depreciated, net	975,290	(35,796)	(61,187)	878,307
KCEMSS activity capital assets, net:	\$ 975,290	\$ (35,796)	\$ (61,187)	\$ 878,307

Activity for the North Idaho Fair and Rodeo for the year ended December 31, 2006 was as follows:

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
North Idaho Fair Component Unit Activity				
Capital Assets, not being depreciated:				
Construction in Progress	\$ 25,000	\$ 48,360	\$ -	\$ 73,360
Total capital assets, not being depreciated	25,000	48,360	-	73,360
Capital assets, being depreciated:				
Machinery and equipment	260,102	10,003	-	270,105
Buildings	2,128,642	46,395	-	2,175,037
Total capital assets, being depreciated	2,388,744	56,398	-	2,445,142
Less accumulated depreciation for:				
Machinery and equipment	(154,164)	(14,480)	-	(168,644)
Buildings	(699,166)	(71,544)	-	(770,710)
Total accumulated depreciation	(853,330)	(86,024)	-	(939,354)
Total capital assets, being depreciated, net	1,535,414	(29,626)	-	1,505,788
North Idaho Fair activity capital assets, net:	\$ 1,560,414	\$ 18,734	\$ -	\$ 1,579,148

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, 2007.

Fiscal Year Ending September 30,	Governmental Activities
2008	\$ 169,904
2009	147,496
2010	87,299
2011	86,377
2012	86,537
2013 - 2017	435,081
Total Minimum Payments Required	\$ 1,012,694

The total expenditure for operating leases during the fiscal year ending September 30, 2007, totaled \$186,374.

6-B. Capital Leases:

Under capital lease arrangements, the County leases equipment and buildings with a historical cost of \$6,501,171 and leases land for \$554,480, a total value of \$7,055,651. Capital equipment leases are arranged through lease financing agreements with financial institutions such as Mountain West Bank. The county also has a lease agreement with the City of Post Falls for the equipment used by the 911/Emergency Management System. 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 had one lease purchase agreement through the Idaho Association of Counties Capital Finance Corporation and U.S. Bank for the lease of the Administration building. Capital lease financing of \$3,590,705 was obtained for the construction of the building which provides space for service activities of the County. Interest was fixed at 3.60% for the term of the lease. The lease purchase option was exercised and the building's title transferred as of August 1, 2007.

The schedule below is an analysis of assets under capital leases as of September 30, 2007:

	(Historical Cost) Governmental Activities	(Less) Accumulated Depreciation	Net of Depreciation
Asset:			
Land	\$ 554,480	\$ -	\$ 554,480
Buildings and Improvements	5,030,679	(1,456,704)	3,573,975
Machinery, Equipment, and Other	1,470,492	(1,149,997)	320,495
Total Capital Leases	\$ 7,055,651	\$ (2,606,701)	\$ 4,448,949

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The future minimum lease obligations of governmental activities under capital leases as of September 30, 2007, were as follows:

Fiscal Year Ending September 30,	Governmental Activities
2008	\$ 121,096
2009	117,994
2010	117,724
2011	125,569
2012	77,724
2013 - 2017	388,620
Total Minimum Lease Payments	948,727
Less: Amount Representing Interest	(197,291)
Present Value of Minimum Lease Payments	\$ 751,436

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.

Changes in Long-term Obligations:

During the year ending September 30, 2007, the following changes occurred with liabilities reported in the general long-term obligations:

	Balance 10/1/2006	Additions	Reductions	Balance 9/30/2007	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and notes payable:					
Capital leases	\$ 955,714	\$ -	\$ 191,378	\$ 764,336	\$ 82,514
Administration Building Lease	404,962	-	404,962	-	-
Other Liabilities:					
Compensated Absences	3,443,179	362,502	63,709	3,741,972	298,792
Governmental activities long-term liabilities	\$ 4,803,855	\$ 362,502	\$ 660,049	\$ 4,506,308	\$ 381,306
BUSINESS-TYPE ACTIVITIES					
Compensated Absences	\$ 181,291	\$ 21,656	\$ -	202,947	21,656
Business-type activities long-term liabilities	\$ 181,291	\$ 21,656	\$ -	\$ 202,947	\$ 21,656

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, 2007, 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, 2006, for North Idaho Fair & Rodeo. KCEMSS has no outstanding notes payable for the year ending September 30, 2007.

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 2006-2007 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 \$4,869,000 has been recognized for closure and post-closure liability as of September 30, 2007. This figure is based on 66.5% utilization of the landfill's estimated capacity of 2,475,675 tons and the total estimated closure and post-closure costs of \$9,252,277. This amount totals \$6,155,721, less a reduction for actual closure expenses incurred of \$1,286,879. The remainder of the estimated closure and post-closure costs of \$3,096,556 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.

Funds totaling \$4,869,000 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 and other similar investment vehicles, 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 2007-07 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, 2007, the County had nineteen (19) 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 \$2,771,640, \$2,591,867, and \$2,374,998 for the three years ending September 30, 2007, 2006, and 2005 respectively.

NOTE 12: RESTATEMENT OF BEGINNING NET ASSETS

The County's Proprietary Fund's beginning net assets were restated to reflect a change to the Solid Waste Enterprise Fund Activities net assets for fiscal year ended September 30, 2006. The adjustment results from the reallocation of a Trust to the Solid Waste Enterprise Fund.

Net Assets, September 30, 2006, as previously reported –	
Solid Waste Enterprise Fund Activities:	\$ 33,012,792
Reallocated from Trust to Solid Waste Enterprise Fund	975
	<hr/>
Net Assets, September 30, 2006, as restated –	
Solid Waste Enterprise Fund Activities:	33,013,767
	<hr/> <hr/>

NOTE 13: 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 14: 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, 2007.

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 15: 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 16: INTERNAL BALANCES AND INTERFUND TRANSFERS

The composition of internal balances as of September 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>(Payable) Funds</u>
<u>Major Funds:</u>	
General Fund	\$ 391,005
<u>Non-Major Capital Projects Funds:</u>	
General construction Fund	(391,005)
Total	\$ -

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	
		\$ 25,544

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.

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Interfund transfers:		Transfer In		
		General Fund	Other Governmental Activities	Total
Transfer out	General Fund	\$ -	\$ 248,874	\$ 248,874
	Other Governmental Activities	4,152,134	-	4,152,134
	Solid Waste Enterprise	475,000	44,116	519,116
	Total	\$ 4,627,134	\$ 292,990	\$ 4,920,124

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 17: FUND EQUITY

17-A. Deficit Fund Equity:

At September 30, 2007, 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 fund \$261,073; Special Revenue fund - Airport \$29,245. The deficit in the capital projects fund and the special revenue fund will be resolved through a combination of increasing tax revenue over annual expenditures and fund balance transfers in fiscal year 2008.

17-B. Net Assets Restricted Proprietary Fund:

At September 30, 2007 the following amounts of Restricted Net Assets were:

	Proprietary Fund
Landfill Closure/Post Closure	\$ 4,869,000
Capital Appropriations carryover	10,902,820
Total Restricted Net Assets	\$ 15,771,820

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.

17-C. Restrictions of Fund Equity:

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

17-D. Restricted Fund Equity Balances:

At September 30, 2007 the following fund equity balances were restricted:

Fund Equity Balances Restricted for:	General	Special Revenue	Trusts	Total
Juvenile justice services	\$ 212,199	\$ -	\$ -	\$ 212,199
Court interlock	27,324	-	-	27,324
Capital purchases	1,614,644	-	-	1,614,644
Replacement reserve	462,000	-	-	462,000
Capital appropriations carryover	801,315	30,000	-	831,315
Other purposes	458,432	-	-	458,432
Sheriff snowmobile	-	32,665	-	32,665
Trusts	-	-	4,414,014	4,414,014
Total restricted fund balances	\$ 3,575,914	\$ 62,665	\$ 4,414,014	\$ 8,052,593

Required Supplementary Information

Periodic surveys of area waterways are conducted to assess the effectiveness of control measures and to identify any new areas of growth.



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, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 20,846,025	\$ 20,846,025	\$ 20,922,407	\$ 76,382
Licenses and permits	1,202,200	1,202,200	1,285,401	83,201
Intergovernmental	6,998,242	7,758,242	9,444,259	1,686,017
Interest	750,000	1,541,772	1,875,126	333,354
Fines and forfeitures	230,492	330,492	462,677	132,185
Charges for services	6,200,758	6,458,579	7,538,349	1,079,770
Miscellaneous	238,358	293,048	593,037	299,989
<i>Total Revenues</i>	36,466,075	38,430,358	42,121,256	3,690,898
Expenditures				
Current:				
General government				
Assessor	1,523,153	1,523,153	1,472,034	51,119
Building & Grounds	491,763	497,346	499,136	(1,790)
Clerk of the District Court	3,605,181	3,605,181	3,372,761	232,420
Cooperative Extension	175,512	175,512	173,466	2,046
County Auto Shop	217,738	217,738	207,835	9,903
County Commissioner	675,082	675,082	612,280	62,802
County Grant Writer	58,315	58,315	54,704	3,611
General Accounts	1,160,193	1,160,193	682,848	477,345
Office of Emergency Management	866,357	866,357	702,308	164,049
Human Resources	200,571	208,596	212,784	(4,188)
Information Services	1,828,312	1,828,312	1,755,797	72,515
Legal Services	528,066	528,066	520,114	7,952
Liability Insurance	650,000	650,000	591,806	58,194
Planning & Zoning	777,399	777,399	700,453	76,946
Prosecuting Attorney	1,889,085	1,889,085	1,791,603	97,482
Public Defender	1,785,359	1,786,959	1,734,862	52,097
Reprographics/Mail Room	279,446	279,446	263,966	15,480
Treasurer	522,368	522,368	428,088	94,280
Veterans Services	98,026	99,261	89,041	10,220

(Continued)

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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, 2007

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Public safety				
9-1-1	2,297,261	2,297,261	2,017,410	279,851
Adult Misdemeanor Probation	376,926	387,894	362,981	24,913
Building Inspection	1,005,337	1,043,508	1,033,911	9,597
Coroner	257,520	257,520	214,286	43,234
Court Interlock	19,000	19,000	10,510	8,490
Justice - General Accounts	570,000	570,000	216,138	353,862
Juvenile Detention Center	2,088,363	2,108,003	2,089,757	18,246
Juvenile Diversion	270,228	270,228	266,761	3,467
Juvenile Probation	1,153,985	1,153,985	1,321,092	(167,107)
Sheriff	15,374,022	15,508,186	14,861,958	646,228
Health & welfare				
County Assistance	255,000	309,690	334,129	(24,439)
Culture and recreation				
Tourism Promotion	7,500	7,500	5,753	1,747
Debit service:				
Principal retirement	653,770	653,770	596,340	57,430
Interest expense	-	-	57,068	(57,068)
Capital outlay:				
Capital expenditures	2,589,331	4,145,361	3,652,524	492,837
Total Expenditures	44,250,169	46,080,275	42,906,505	3,173,770
Excess of Revenues Over (Under) Expenditures	(7,784,094)	(7,649,917)	(785,249)	6,864,669
Other Financing Sources (Uses)				
Proceeds insurance	3,637	3,637	9,625	5,988
Planned Fund Balance Utilization	3,353,750	3,353,750	-	3,353,750
Transfers In	9,581,031	9,581,031	9,544,406	(36,625)
Transfers (out)	(5,046,512)	(5,180,689)	(5,166,146)	14,543
Total Other Financing Sources (Uses)	7,891,906	7,757,729	4,387,885	3,369,840
Revenues and Other Financing Sources Over (Under)			3,602,637	
Expenditures and Other Financing Uses			3,602,637	
Reconciling Items				
Changes Affected by Accrued Revenue			(657,689)	
Changes Affected by Accrued Expenditures			13,146	
Fund Balances Beginning of Year			<u>20,825,051</u>	
Fund Balances End of Year			<u>\$ 23,783,144</u>	

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, 2007

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, 2007, there was one supplemental appropriation for unanticipated revenues received over the course of the fiscal year totaling \$1,964,283. 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 Comprehensive Annual Financial Report - FY 2007

Kootenai County Board of County Commissioner's approved four unexpended appropriations of projects totaling \$12,543,350 to be carried over from fiscal year 2006 budget as allowed by Idaho Code Section 13, Chapter 16. The budgeted expenditures of these incomplete projects were included in prior year budget comparison reports and are therefore excluded from amounts on the Schedule of Budgetary Control Levels on the next page. The following schedule details the in process projects carried over from prior year:

	Original Appropriation	Prior Year Expenditures	Carryforward Balance 10/1/2006	Appropriation FY 2007	Expenditures FY 2007	Carryforward Balance 9/30/07
Prairie Solid Waste Transfer Station	\$ 11,610,000	\$ -	\$ 11,610,000	\$ -	\$ 706,446	\$ 10,903,554
Property Tax Software System	1,146,442	471,416	675,026	76,870	124,347	627,549
Financial Accounting Software System	210,906	4,947	205,959	602,753	279,942	528,770
Fiber Optic Cable Installation *	52,365	-	52,365	-	52,365	-
Total Carryforward			<u>\$ 12,543,350</u>			<u>\$ 12,059,873</u>

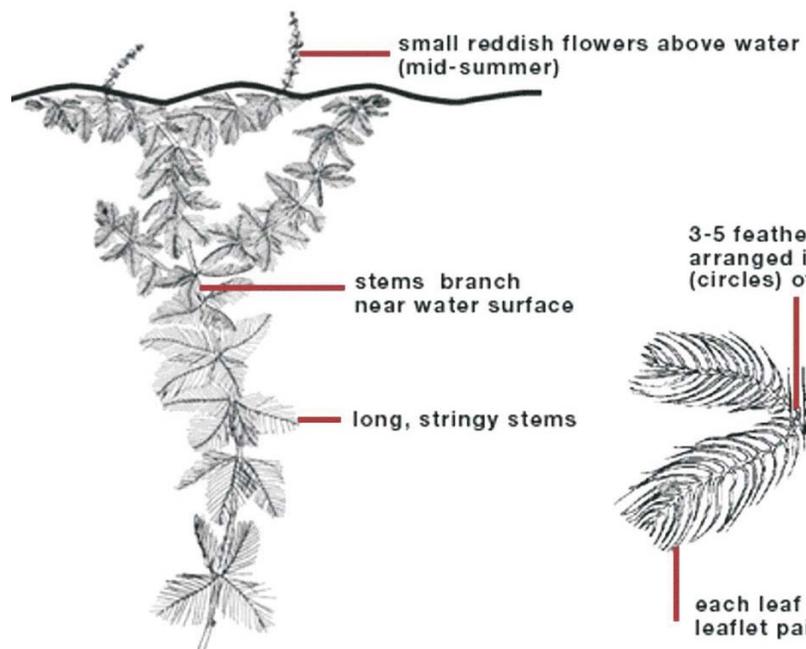
* Fiber Optic Cable Installation Project was complete as of September 30, 2007

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, 2007

	Budgeted Amounts		Variance with Final Budget (Over) Under
	Final	Actual Amounts (Budgetary Basis)	
Board of County Commissioners	\$ 32,663,098	\$ 30,021,467	\$ 2,641,631
County Clerk	\$ 5,513,772	\$ 5,336,515	\$ 177,257
Administrative District Judge	\$ 1,885,925	\$ 1,660,801	\$ 225,124
Treasurer	\$ 524,368	\$ 427,541	\$ 96,827
County Assessor	\$ 3,539,563	\$ 3,376,195	\$ 163,368
Coroner	\$ 257,520	\$ 214,286	\$ 43,234
County Sheriff	\$ 16,308,714	\$ 15,596,531	\$ 712,183
Prosecuting Attorney	\$ 1,896,085	\$ 1,784,588	\$ 111,497

Supplementary Information

Prevent the spread of Milfoil.
Learn how to identify the plant and notify
the Noxious Weed Department of the area you found it.



**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 the County's 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.

Resort Sales Tax - To account for revenue from the half cent local option sales tax. Sales tax collection sunsetted in October 2006.

District Court - to account for the operation of the 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 the County. Funding is provided through property taxes and fees.

Non-major Capital Projects Funds
Capital Projects Funds

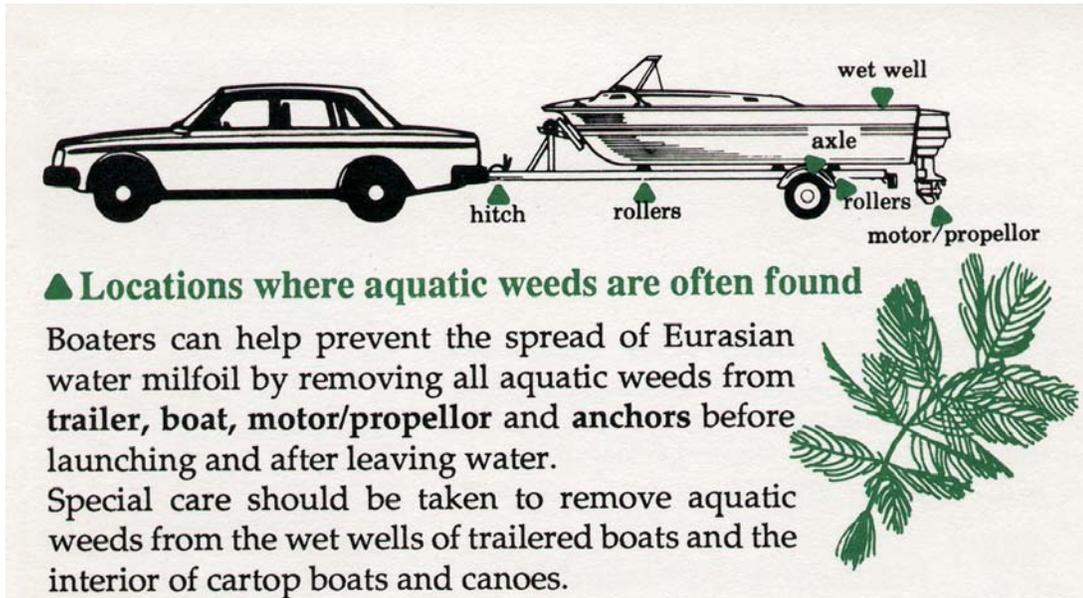
The Capital Projects Fund is used to account for resources utilized to acquire and construct major capital facilities and improvements, other than those financed by proprietary funds.

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

Thorough inspection and cleaning of boats and trailers and other water craft, is essential in preventing the spread of Milfoil.



KOOTENAI COUNTY, IDAHO
 Combining Balance Sheet
 Non-major Governmental Funds
 September 30, 2007

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,732,019	\$ 36,686	\$ 3,768,705
Taxes delinquent-receivable	384,754	-	384,754
Accounts receivable, (net)	102,784	-	102,784
Interest receivable	506	-	506
Grants receivable	-	129,932	129,932
Prepays	6,104	-	6,104
Total Assets	\$ 4,226,167	\$ 166,618	\$ 4,392,785
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 676,769	\$ -	\$ 676,769
Payroll and related liabilities	105,821	-	105,821
Deferred revenues	37,093	-	37,093
Deferred grant revenues	35,373	-	35,373
Deferred property taxes	328,828	-	328,828
Due to other funds	-	391,005	391,005
Leases payable-long term	25,544	-	25,544
Total Liabilities	1,209,428	391,005	1,600,433
Fund Balances			
Reserved for:			
Park Development	30,000	-	30,000
Sheriff Snowmobile	32,665	-	32,665
Unreserved & Undesignated:			
Special Revenue Funds	2,954,074	-	2,954,074
Capital Projects Funds	-	(224,387)	(224,387)
Total Fund Balances (deficit)	3,016,739	(224,387)	2,792,352
Total Liabilities and Fund Balances	\$ 4,226,167	\$ 166,618	\$ 4,392,785

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2007

	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue	Health District Special Revenue	Historical Society Special Revenue
Assets					
Cash and cash equivalents	\$ 174,036	\$ 172,281	\$ 130,664	\$ 205,211	\$ 13,634
Taxes delinquent-receivable	27,192	6,556	13,881	31,108	940
Accounts receivable, (net)	2,976	-	2,244	-	-
Interest receivable	-	-	-	-	-
Prepays	472	-	-	-	-
Total Assets	\$ 204,676	\$ 178,837	\$ 146,789	\$ 236,319	\$ 14,574
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 175,215	\$ 25,000	\$ 33,197	\$ 159,443	\$ 3,750
Payroll and related liabilities	9,987	-	3,245	-	-
Deferred revenues	-	-	-	-	-
Deferred grant revenues	-	-	-	-	-
Deferred property taxes	23,175	5,790	11,715	26,846	826
Due to other funds	-	-	-	-	-
Leases payable-long term	25,544	-	-	-	-
Total Liabilities	233,921	30,790	48,157	186,289	4,576
Fund Balances					
Reserved for:					
Park Development	-	-	-	-	-
Sheriff Snowmobile	-	-	-	-	-
Unreserved & Undesignated:					
Special Revenue Funds	(29,245)	148,047	98,632	50,030	9,998
Total Fund Balances (deficit)	(29,245)	148,047	98,632	50,030	9,998
Total Liabilities and Fund Balances	\$ 204,676	\$ 178,837	\$ 146,789	\$ 236,319	\$ 14,574

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
 Combining Balance Sheet
 Non-major Special Revenue Funds
 September 30, 2007

	Parks & Rec Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue	Public Access Special Revenue	Indigent Special Revenue
Assets					
Cash and cash equivalents	\$ 129,497	\$ 243,790	\$ 101,291	\$ 69,140	\$ 34,363
Taxes delinquent-receivable	7,974	-	-	-	76,156
Accounts receivable, (net)	-	-	29,205	-	-
Interest receivable	-	-	-	506	-
Prepays	400	-	650	-	-
Total Assets	\$ 137,871	\$ 243,790	\$ 131,146	\$ 69,646	\$ 110,519
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 5,709	\$ 2,167	\$ 38,932	\$ -	\$ 26,332
Payroll and related liabilities	4,019	35	8,777	-	7,180
Deferred revenues	-	-	-	-	-
Deferred grant revenues	-	-	-	-	-
Deferred property taxes	6,970	-	-	-	65,659
Due to other funds	-	-	-	-	-
Leases payable-long term	-	-	-	-	-
Total Liabilities	16,698	2,202	47,709	-	99,171
Fund Balances					
Reserved for:					
Park Development	30,000	-	-	-	-
Sheriff Snowmobile	-	32,665	-	-	-
Unreserved & Undesignated:					
Special Revenue Funds	91,173	208,923	83,437	69,646	11,348
Total Fund Balances	121,173	241,588	83,437	69,646	11,348
Total Liabilities and Fund Balances	\$ 137,871	\$ 243,790	\$ 131,146	\$ 69,646	\$ 110,519

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Special Revenue Funds
September 30, 2007

	FTA Public Trans Special Revenue	Resort Sales Tax Special Revenue ¹	District Court Special Revenue	Revaluation Special Revenue
Assets				
Cash and cash equivalents	\$ 96,170	\$ -	\$ 841,849	\$ 672,451
Taxes delinquent-receivable	-	-	35,442	103,137
Accounts receivable, (net)	50,418	-	-	-
Interest receivable	-	-	-	-
Prepays	-	-	598	3,984
Total Assets	\$ 146,588	\$ -	\$ 877,889	\$ 779,572
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 111,215	\$ -	\$ 59,952	\$ 35,857
Payroll and related liabilities	-	-	27,889	44,689
Deferred revenues	-	-	37,093	-
Deferred grant revenues	35,373	-	-	-
Deferred property taxes	-	-	28,710	87,949
Due to other funds	-	-	-	-
Leases payable-long term	-	-	-	-
Total Liabilities	146,588	-	153,644	168,495
Fund Balances				
Reserved for other purposes				
Park Development	-	-	-	-
Sheriff Snowmobile	-	-	-	-
Unreserved & Undesignated:				
Special Revenue Funds	-	-	724,245	611,077
Total Fund Balances	-	-	724,245	611,077
Total Liabilities and Fund Balances	\$ 146,588	\$ -	\$ 877,889	\$ 779,572

¹ Resort Sales Tax Fund ended program activity and was closed during FY07.

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
 Combining Balance Sheet
 Non-major Special Revenue Funds
 September 30, 2007

	KCEMSS Special Revenue	Total Nonmajor Special Revenue Funds
Assets		
Cash and cash equivalents	\$ 847,642	\$ 3,732,019
Taxes delinquent-receivable	82,368	384,754
Accounts receivable, (net)	17,941	102,784
Interest receivable	-	506
Prepays	-	6,104
Total Assets	\$ 947,951	\$ 4,226,167
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ -	\$ 676,769
Payroll and related liabilities	-	105,821
Deferred revenues	-	37,093
Deferred grant revenues	-	35,373
Deferred property taxes	71,188	328,828
Due to other funds	-	-
Leases payable-long term	-	25,544
Total Liabilities	71,188	1,209,428
Fund Balances		
Reserved for other purposes		
Park Development	-	30,000
Sheriff Snowmobile	-	32,665
Unreserved & Undesignated: Special Revenue Funds	876,763	2,954,074
Total Fund Balances	876,763	3,016,739
Total Liabilities and Fund Balances	\$ 947,951	\$ 4,226,167

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Combining Balance Sheet
Non-major Capital Projects Funds
September 30, 2007

	General Construction Capital Projects	Centennial Trail Capital Projects	Total Non-major Capital Project Funds
Assets			
Cash and cash equivalents	\$ -	\$ 36,686	\$ 36,686
Grants receivable	129,932	-	129,932
<i>Total Assets</i>	\$ 129,932	\$ 36,686	\$ 166,618
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	391,005	-	391,005
<i>Total Liabilities</i>	391,005	-	391,005
Fund Balances			
Unreserved & Undesignated:			
Capital Projects Funds	(261,073)	36,686	(224,387)
<i>Total Fund Balances (deficit)</i>	(261,073)	36,686	(224,387)
<i>Total Liabilities and Fund Balances</i>	\$ 129,932	\$ 36,686	\$ 166,618

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, 2007

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues			
Taxes	\$ 7,385,011	\$ -	\$ 7,385,011
Licenses and permits	147,329	-	147,329
Intergovernmental	2,027,590	647,728	2,675,318
Interest	41,687	-	41,687
Fines and forfeitures	833,869	-	833,869
Charges for services	872,705	-	872,705
Miscellaneous	1,419,621	10,000	1,429,621
<i>Total Revenues</i>	12,727,812	657,728	13,385,540
Expenditures			
Current:			
General government	6,654,395	-	6,654,395
Public works	680,475	-	680,475
Sanitation	549,858	-	549,858
Health & welfare	2,263,831	-	2,263,831
Culture and recreation	874,378	13,055	887,433
Capital projects	-	46,759	46,759
Debt service:			
Interest expense	2,280	-	2,280
Capital Outlay:			
Capital expenditures	315,284	-	315,284
Construction in progress	800	694,112	694,912
<i>Total Expenditures</i>	11,341,301	753,926	12,095,227
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	1,386,511	(96,198)	1,290,313
Other Financing Sources			
Transfers In	194,847	98,143	292,990
Transfers (out)	(4,152,134)	-	(4,152,134)
<i>Total Other Financing Sources</i>	(3,957,287)	98,143	(3,859,144)
<i>Net Change in Fund Balances</i>	(2,570,776)	1,945	(2,568,831)
<i>Fund Balances Beginning of Year (deficit)</i>	5,587,515	(226,332)	5,361,183
<i>Fund Balances End of Year (deficit)</i>	\$ 3,016,739	\$ (224,387)	\$ 2,792,352

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, 2007

	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue	Health District Special Revenue	Historical Society Special Revenue
Revenues					
Taxes	\$ 526,409	\$ 100,644	\$ 284,581	\$ 557,378	\$ 15,007
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	274,439	-	-
Interest	-	-	-	-	-
Fines and forfeitures	325	-	-	-	-
Charges for services	64,554	-	150	-	-
Miscellaneous	386,810	-	24,004	-	-
<i>Total Revenues</i>	978,098	100,644	583,174	557,378	15,007
Expenditures					
Current:					
General government	-	-	-	-	-
Public works	680,475	-	-	-	-
Sanitation	-	-	549,858	-	-
Health & welfare	-	-	-	637,775	-
Culture and recreation	-	100,000	-	-	15,000
Debt service:					
Interest expense	2,280	-	-	-	-
Capital Outlay:					
Capital expenditures	88,149	-	27,283	-	-
Construction in progress	-	-	-	-	-
<i>Total Expenditures</i>	770,904	100,000	577,141	637,775	15,000
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	207,194	644	6,033	(80,397)	7
Other Financing Sources					
Transfers in	8,247	-	28,000	44,116	-
Transfers (out)	-	-	-	-	-
<i>Total Other Financing Sources</i>	8,247	-	28,000	44,116	-
<i>Net Change in Fund Balances</i>	215,441	644	34,033	(36,281)	7
<i>Fund Balances Beginning of Year (deficit)</i>	(244,686)	147,403	64,599	86,311	9,991
Fund Balances End of Year (deficit)	\$ (29,245)	\$ 148,047	\$ 98,632	\$ 50,030	\$ 9,998

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, 2007

	Parks & Rec. Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue	Public Access Special Revenue	Indigent Special Revenue
Revenues					
Taxes	\$ 124,744	\$ -	\$ -	\$ -	\$ 1,378,516
Licenses and permits	45	110,209	463	-	-
Intergovernmental	-	-	690,281	8,547	-
Interest	-	-	-	9,513	-
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	25	9,234	2,629	-	951,682
<i>Total Revenues</i>	124,814	119,443	693,373	18,060	2,330,198
Expenditures					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Sanitation	-	-	-	-	-
Health & welfare	-	-	-	-	1,626,056
Culture and recreation	194,057	96,004	469,317	-	-
Debt service:					
Interest expense	-	-	-	-	-
Capital Outlay:					
Capital expenditures	18,645	32,020	91,697	-	-
Construction in progress	800	-	-	-	-
<i>Total Expenditures</i>	213,502	128,024	561,014	-	1,626,056
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(88,688)	(8,581)	132,359	18,060	704,142
Other Financing Sources					
Transfers in	83,695	-	-	-	-
Transfers (out)	-	-	(14,908)	(86,482)	-
<i>Total Other Financing Sources</i>	83,695	-	(14,908)	(86,482)	-
<i>Net Change in Fund Balances</i>	(4,993)	(8,581)	117,451	(68,422)	704,142
<i>Fund Balances Beginning of Year (deficit)</i>	126,166	250,169	(34,014)	138,068	(692,794)
<i>Fund Balances End of Year (deficit)</i>	\$ 121,173	\$ 241,588	\$ 83,437	\$ 69,646	\$ 11,348

See accompanying Independent Auditors' Report

continued

Kootenai County Comprehensive Annual Financial Report - FY 2007

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended September 30, 2007

	FTA Public Trans Special Revenue	Resort Sales Tax Special Revenue	District Court Special Revenue	Revaluation Special Revenue
Revenues				
Taxes	\$ -	\$ (8,307)	\$ 927,103	\$ 1,999,727
Licenses and permits	-	-	-	-
Intergovernmental	932,492	-	59,382	-
Interest	-	3,203	-	-
Fines and forfeitures	-	-	833,544	-
Charges for services	633,098	-	173,458	1,445
Miscellaneous	-	-	45,237	-
<i>Total Revenues</i>	<u>1,565,590</u>	<u>(5,104)</u>	<u>2,038,724</u>	<u>2,001,172</u>
Expenditures				
Current:				
General government	1,565,590	-	1,647,620	1,890,902
Public works	-	-	-	-
Sanitation	-	-	-	-
Health & welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Interest expense	-	-	-	-
Capital Outlay:				
Capital expenditures	-	-	42,659	14,831
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	<u>1,565,590</u>	<u>-</u>	<u>1,690,279</u>	<u>1,905,733</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>-</u>	<u>(5,104)</u>	<u>348,445</u>	<u>95,439</u>
Other Financing Sources				
Transfers in	-	8,307	2,000	20,482
Transfers (out)	-	(4,050,744)	-	-
<i>Total Other Financing Sources</i>	<u>-</u>	<u>(4,042,437)</u>	<u>2,000</u>	<u>20,482</u>
<i>Net Change in Fund Balances</i>	<u>-</u>	<u>(4,047,541)</u>	<u>350,445</u>	<u>115,921</u>
<i>Fund Balances Beginning of Year (deficit)</i>	<u>-</u>	<u>4,047,541</u>	<u>373,800</u>	<u>495,156</u>
<i>Fund Balances End of Year (deficit)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 724,245</u>	<u>\$ 611,077</u>

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, 2007

	Kootenai Emergency Management Special Revenue	Total Non-major Special Revenue Funds
Revenues		
Taxes	\$ 1,479,209	\$ 7,385,011
Licenses and permits	36,612	147,329
Intergovernmental	62,449	2,027,590
Interest	28,971	41,687
Fines and forfeitures	-	833,869
Charges for services	-	872,705
Miscellaneous	-	1,419,621
<i>Total Revenues</i>	<u>1,607,241</u>	<u>12,727,812</u>
Expenditures		
Current:		
General government	1,550,283	6,654,395
Public works	-	680,475
Sanitation	-	549,858
Health & welfare	-	2,263,831
Culture and recreation	-	874,378
Debt service:		
Interest expense	-	2,280
Capital Outlay:		
Capital expenditures	-	315,284
Construction in progress	-	800
<i>Total Expenditures</i>	<u>1,550,283</u>	<u>11,341,301</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>56,958</u>	<u>1,386,511</u>
Other Financing Sources		
Transfers in	-	194,847
Transfers (out)	-	(4,152,134)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>(3,957,287)</u>
<i>Net Change in Fund Balances</i>	<u>56,958</u>	<u>(2,570,776)</u>
<i>Fund Balances Beginning of Year (deficit)</i>	<u>819,805</u>	<u>5,587,515</u>
<i>Fund Balances End of Year (deficit)</i>	<u>\$ 876,763</u>	<u>\$ 3,016,739</u>

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Capital Projects Funds
For the Year Ended September 30, 2007

	General Construction Capital Projects	Centennial Trail Capital Projects	Total Non-major Capital Projects Funds
Revenues			
Intergovernmental	\$ 647,728	\$ -	\$ 647,728
Miscellaneous	-	10,000	10,000
<i>Total Revenues</i>	647,728	10,000	657,728
Expenditures			
Current:			
Culture and recreation	-	13,055	13,055
Capital projects	46,759	-	46,759
Capital Outlay:			
Capital expenditures	-	-	-
Construction in progress	694,112	-	694,112
<i>Total Expenditures</i>	740,871	13,055	753,926
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(93,143)	(3,055)	(96,198)
Other Financing Sources			
Transfers in	93,143	5,000	98,143
<i>Total Other Financing Sources</i>	93,143	5,000	98,143
<i>Net Change in Fund Balances</i>	-	1,945	1,945
<i>Fund Balances Beginning of Year (deficit)</i>	(261,073)	34,741	(226,332)
<i>Fund Balances End of Year (deficit)</i>	\$ (261,073)	\$ 36,686	\$ (224,387)

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, 2007

	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)
Revenues						
Taxes	\$ 523,608	\$ 526,409	\$ 2,801	\$ 100,000	\$ 100,644	\$ 644
Fines and forfeitures	-	325	325	-	-	-
Charges for services	61,000	64,554	3,554	-	-	-
Miscellaneous	300,000	386,810	86,810	-	-	-
<i>Total Revenues</i>	884,608	978,098	93,490	100,000	100,644	644
Expenditures						
Current:						
Public works	694,608	680,425	14,183	-	-	-
Culture and recreation	-	-	-	100,000	100,000	-
Debt Service:						
Interest expense	-	2,280	(2,280)	-	-	-
Capital outlay:						
Capital expenditures	70,000	88,199	(18,199)	-	-	-
Construction in progress	60,000	-	60,000	-	-	-
<i>Total Expenditures</i>	824,608	770,904	53,704	100,000	100,000	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	60,000	207,194	147,194	-	644	644
Other Financing Sources						
Transfers In	-	8,247	8,247	-	-	-
Transfers (out)	(60,000)	-	60,000	-	-	-
<i>Total Other Financing Sources</i>	(60,000)	8,247	68,247	-	-	-
<i>Net Change in Fund Balances</i>	-	215,441	215,441	-	644	644
<i>Fund Balances Beginning of Year (deficit)</i>	(244,686)	(244,686)	-	147,403	147,403	-
<i>Fund Balances End of Year (deficit)</i>	\$ (244,686)	\$ (29,245)	\$ 215,441	\$ 147,403	\$ 148,047	\$ 644

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, 2007

	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)
Revenues						
Taxes	\$ 283,246	\$ 284,581	\$ 1,335	\$ 553,659	\$ 557,378	\$ 3,719
Intergovernmental	307,000	274,439	(32,561)	-	-	-
Charges for services	1,000	150	(850)	-	-	-
Miscellaneous	5,100	24,004	18,904	40,000	-	(40,000)
<i>Total Revenues</i>	596,346	583,174	(13,172)	593,659	557,378	(36,281)
Expenditures						
Current:						
Sanitation	595,146	549,858	45,288	-	-	-
Health & welfare	-	-	-	637,775	637,775	-
Capital outlay:						
Capital expenditures	28,000	27,283	717	-	-	-
<i>Total Expenditures</i>	623,146	577,141	46,005	637,775	637,775	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(26,800)	6,033	32,833	(44,116)	(80,397)	(36,281)
Other Financing Sources						
Transfers In	28,000	28,000	-	44,116	44,116	-
Transfers (out)	(1,200)	-	1,200	-	-	-
<i>Total Other Financing Sources</i>	26,800	28,000	1,200	44,116	44,116	-
<i>Net Change in Fund Balances</i>	-	34,033	34,033	-	(36,281)	(36,281)
<i>Fund Balances Beginning of Year (deficit)</i>	64,599	64,599	-	86,311	86,311	-
<i>Fund Balances End of Year (deficit)</i>	\$ 64,599	\$ 98,632	\$ 34,033	\$ 86,311	\$ 50,030	\$ (36,281)

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, 2007

	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)
Revenues						
Taxes	\$ 15,000	\$ 15,007	\$ 7	\$ 122,789	\$ 124,744	\$ 1,955
Licenses and permits	-	-	-	-	45	45
Miscellaneous	-	-	-	39,105	25	(39,080)
<i>Total Revenues</i>	15,000	15,007	7	161,894	124,814	(37,080)
Expenditures						
Current:						
Culture and recreation	15,000	15,000	-	195,589	194,057	1,532
Capital outlay:						
Capital expenditures	-	-	-	50,000	18,645	31,355
Construction in Progress	-	-	-	-	800	(800)
<i>Total Expenditures</i>	15,000	15,000	-	245,589	213,502	32,087
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	7	7	(83,695)	(88,688)	(4,993)
Other Financing Sources						
Transfers In	-	-	-	83,695	83,695	-
<i>Total Other Financing Sources</i>	-	-	-	83,695	83,695	-
<i>Net Change in Fund Balances</i>	-	7	7	-	(4,993)	(4,993)
<i>Fund Balances Beginning of Year</i>	9,991	9,991	-	126,166	126,166	-
<i>Fund Balances End of Year (deficit)</i>	\$ 9,991	\$ 9,998	\$ 7	\$ 126,166	\$ 121,173	\$ (4,993)

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, 2007

	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)
Revenues						
Licenses and permits	\$ 86,000	\$ 110,209	\$ 24,209	\$ -	\$ 463	\$ 463
Intergovernmental	-	-	-	448,590	690,281	241,691
Miscellaneous	38,518	9,234	(29,284)	500	2,629	2,129
<i>Total Revenues</i>	124,518	119,443	(5,075)	449,090	693,373	244,283
Expenditures						
Current:						
Culture and recreation	124,518	96,004	28,514	449,090	469,317	(20,227)
Capital outlay:						
Capital expenditures	-	32,020	(32,020)	-	91,697	(91,697)
<i>Total Expenditures</i>	124,518	128,024	(3,506)	449,090	561,014	(111,924)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	(8,581)	(8,581)	-	132,359	132,359
Other Financing Sources						
Transfer (out)	-	-	-	-	(14,908)	(14,908)
<i>Total Other Financing Sources</i>	-	-	-	-	(14,908)	(14,908)
<i>Net Change in Fund Balances</i>	-	(8,581)	(8,581)	-	117,451	117,451
<i>Fund Balances Beginning of Year</i>	250,169	250,169	-	(34,014)	(34,014)	-
<i>Fund Balances End of Year (deficit)</i>	\$ 250,169	\$ 241,588	\$ (8,581)	\$ (34,014)	\$ 83,437	\$ 117,451

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, 2007

	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)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 1,370,591	\$ 1,378,516	\$ 7,925
Intergovernmental	10,000	8,547	(1,453)	-	-	-
Interest	4,000	9,513	5,513	-	-	-
Miscellaneous	-	-	-	275,000	951,682	676,682
<i>Total Revenues</i>	14,000	18,060	4,060	1,645,591	2,330,198	684,607
Expenditures						
Current:						
Culture and recreation	14,000	-	14,000	-	-	-
Health & welfare	-	-	-	1,394,791	1,626,056	(231,265)
<i>Total Expenditures</i>	14,000	-	14,000	1,394,791	1,626,056	(231,265)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	18,060	18,060	250,800	704,142	453,342
Other Financing Sources						
Transfers (out)	-	(86,482)	(86,482)	(800)	-	800
<i>Total Other Financing Sources</i>	-	(86,482)	(86,482)	(800)	-	800
<i>Net Change in Fund Balances</i>	-	(68,422)	(68,422)	250,000	704,142	454,142
<i>Fund Balances Beginning of Year (deficit)</i>	138,068	138,068	-	(692,794)	(692,794)	-
<i>Fund Balances End of Year (deficit)</i>	\$ 138,068	\$ 69,646	\$ (68,422)	\$ (442,794)	\$ 11,348	\$ 454,142

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
FTA Public Transportation and Resort Sales Tax Funds
For the Year Ended September 30, 2007

	FTA Public Transportation Special Revenue Fund			Resort Sales Tax 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)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ (8,307)	\$ (8,307)
Intergovernmental	837,060	932,492	95,432	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest	-	-	-	-	3,203	3,203
Charges for services	585,256	633,098	47,842	-	-	-
<i>Total Revenues</i>	1,422,316	1,565,590	143,274	-	(5,104)	(5,104)
Expenditures						
Current:						
General government	1,422,316	1,565,590	(143,274)	-	-	-
Capital outlay:						
Capital expenditures	-	-	-	-	-	-
<i>Total Expenditures</i>	1,422,316	1,565,590	(143,274)	-	-	-
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	-	-	(5,104)	(5,104)
Other Financing Sources						
Transfers in	-	-	-	-	8,307	8,307
Transfers (out)	-	-	-	(4,047,541)	(4,050,744)	(3,203)
<i>Total Other Financing Sources</i>	-	-	-	(4,047,541)	(4,042,437)	5,104
<i>Net Change in Fund Balances</i>	-	-	-	(4,047,541)	(4,047,541)	-
<i>Fund Balances Beginning of Year</i>	-	-	-	4,047,541	4,047,541	-
<i>Fund Balances End of Year</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
District Court and Revaluation Funds
For the Year Ended September 30, 2007

	District Court Special Revenue Fund			Revaluation 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)
Revenues						
Taxes	\$ 933,745	\$ 927,103	\$ (6,642)	\$ 1,990,785	\$ 1,999,727	\$ 8,942
Intergovernmental	50,000	59,382	9,382	-	-	-
Fines and Forfeitures	761,300	833,544	72,244	-	-	-
Charges for services	140,880	173,458	32,578	-	-	-
Miscellaneous	-	45,237	45,237	2,000	1,445	(555)
<i>Total Revenues</i>	1,885,925	2,038,724	152,799	1,992,785	2,001,172	8,387
Expenditures						
Current:						
General government	1,887,925	1,647,620	240,305	1,987,823	1,890,902	96,921
Capital outlay:						
Capital expenditures	-	42,659	(42,659)	15,000	14,831	169
<i>Total Expenditures</i>	1,887,925	1,690,279	197,646	2,002,823	1,905,733	97,090
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(2,000)	348,445	350,445	(10,038)	95,439	105,477
Other Financing Sources						
Transfers In	2,000	2,000	-	20,482	20,482	-
Transfers (out)	-	-	-	(10,444)	-	10,444
<i>Total Other Financing Sources</i>	2,000	2,000	-	10,038	20,482	10,444
<i>Net Change in Fund Balances</i>	-	350,445	350,445	-	115,921	115,921
<i>Fund Balances Beginning of Year</i>	373,800	373,800	-	495,156	495,156	-
<i>Fund Balances End of Year</i>	\$ 373,800	\$ 724,245	\$ 350,445	\$ 495,156	\$ 611,077	\$ 115,921

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Kootenai Emergency Management Special Revenue Funds
 For the Year Ended September 30, 2007

	Kootenai Emergency Management Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
Revenues			
Taxes	\$ 1,471,457	\$ 1,479,210	\$ 7,753
Licenses and permits	25,000	36,612	11,612
Intergovernmental	25,000	62,448	37,448
Interest	-	28,971	28,971
<i>Total Revenues</i>	1,521,457	1,607,241	85,784
Expenditures			
Current:			
General government	1,521,457	1,550,283	(28,826)
Capital outlay:			
Capital expenditures	-	-	-
<i>Total Expenditures</i>	1,521,457	1,550,283	(28,826)
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	56,958	56,958
Other Financing Sources			
Transfers In	-	-	-
Transfers (out)	-	-	-
<i>Total Other Financing Sources</i>	-	-	-
<i>Net Change in Fund Balances</i>	-	56,958	56,958
<i>Fund Balances Beginning of Year</i>	819,805	819,805	-
<i>Fund Balances End of Year</i>	\$ 819,805	\$ 876,763	\$ 56,958

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, 2007

	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)
Revenues						
Intergovernmental	\$ -	\$ 647,727	\$ 647,727	\$ -	\$ -	\$ -
Miscellaneous	-	93,144	93,144	10,000	10,000	-
<i>Total Revenues</i>	-	740,871	740,871	10,000	10,000	-
Expenditures						
Current:						
General government	-	4,504	(4,504)	-	-	-
Culture and recreation	-	-	-	15,000	13,055	1,945
Capital outlay:						
Construction in progress	-	736,367	(736,367)	-	-	-
<i>Total Expenditures</i>	-	740,871	(740,871)	15,000	13,055	1,945
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	-	-	(5,000)	(3,055)	1,945
Other Financing Sources						
Transfers In	-	93,143	93,143	5,000	5,000	-
<i>Total Other Financing Sources</i>	-	93,143	93,143	5,000	5,000	-
<i>Net Change in Fund Balances</i>	-	93,143	93,143	-	1,945	1,945
<i>Fund Balances Beginning of Year (deficit)</i>	(261,073)	(261,073)	-	34,741	34,741	-
<i>Fund Balances End of Year (deficit)</i>	\$ (261,073)	\$ (167,930)	\$ 93,143	\$ 34,741	\$ 36,686	\$ 1,945

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, 2007 (with comparative totals for 2006)

	Governmental-type Activity	
	2007	2006
Assets		
Current Assets:		
Cash and cash equivalents	\$ 287,273	\$ 931,237
Accounts receivable, (net)	5,269	-
Total Current Assets	292,542	931,237
Total Assets	\$ 292,542	\$ 931,237
Liabilities		
Current Liabilities:		
Accounts payable	\$ 249,867	\$ 239,461
Payable accruals	274,001	312,613
Total Current Liabilities	523,868	552,074
Total Liabilities	523,868	552,074
Net Assets		
Unrestricted	(231,326)	379,163
Total Net Assets	(231,326)	379,163
Total Liabilities and Net Assets	\$ 292,542	\$ 931,237

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, 2007 (with comparative totals for 2006)

	Governmental-type activity	
	2007	2006
Operating Revenues		
Charges for services	\$ 4,541,454	\$ 4,339,967
Total Operating Revenues	4,541,454	4,339,967
Operating Expenses		
Personal services	11,606	11,188
Professional services	5,242,685	4,079,904
Other services and expenses	1,225	1,300
Total Operating Expenses	5,255,516	4,092,392
Operating Income	(714,062)	247,575
Non-Operating Revenues (Expenses)		
Intergovernmental revenues	103,573	77,354
Total Non-Operating Revenues	103,573	77,354
Change in Net Assets	(610,489)	324,929
Net Assets Beginning of Year (deficit)	379,163	54,234
Net Assets End of Year	\$ (231,326)	\$ 379,163

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO
Statement of Cash Flow
Health Insurance Internal Service Fund
For the Year Ended September 30, 2007 (with comparative totals for 2006)

	Internal Service Fund Health Insurance	
	2007	2006
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 4,536,185	\$ 4,344,462
Cash Payments to Employees	(11,606)	(11,188)
Cash Payments for Goods and Services	(5,272,116)	(3,822,869)
Net Cash Provided by Operating Activities	(747,537)	510,405
Cash Flows from Noncapital Financing Activities		
Intergovernmental Revenues	103,573	77,354
Net Cash provided by noncapital financing activities	103,573	77,354
Net Increase (decrease) in Cash and Cash Equivalents	(643,964)	587,759
Cash and Cash Equivalents Beginning of Year	931,237	343,478
Cash and Cash Equivalents End of Year	\$ 287,273	\$ 931,237
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ (714,062)	\$ 247,575
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>		
<i>(Increase) Decrease in Assets:</i>		
Accounts Receivable	(5,269)	4,495
<i>Increase (Decrease) in Liabilities:</i>		
Accounts Payable	(28,206)	(54,278)
Payable Accruals	-	312,613
Net Cash Provided by Operating Activities	\$ (747,537)	\$ 510,405

See accompanying Independent Auditors' Report

Agency Funds

Agency funds are established to account for resources held by Kootenai County in the fiduciary capacity for other governmental units. These funds are custodial in nature (assets = liabilities) and do not measure the results of operations. Also, each agency is responsible for preparing their annual financial reports.

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, 2007
With Comparative Totals for September 30, 2006

	Agency Funds			
	State of Idaho	Cities	Highway Districts	School Districts
Assets				
Cash in bank and investments	\$ 1,184,678	\$ 656,219	\$ 118,565	\$ 487,675
Receivables:				
Taxes delinquent	67,352	864,932	286,462	1,325,055
Accounts receivable, (net)	-	400,827	109,440	-
Total Assets	\$ 1,252,030	\$ 1,921,978	\$ 514,467	\$ 1,812,730
Liabilities				
Due to agency activity	1,252,030	1,921,978	514,467	1,812,730
Due to other taxing districts	-	-	0	0
Total Liabilities	1,252,030	1,921,978	514,467	1,812,730
Net Assets				
Held in trust for other purposes	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2007
With Comparative Totals for September 30, 2006

	Agency Funds			
	Fire Districts	Public Library	Water & Sewer Districts	North Idaho College
Assets				
Cash in bank and investments	\$ 196,045	\$ 28,129	\$ 6,170	\$ 155,699
Receivables:				
Taxes delinquent	346,792	131,100	25,054	356,856
Accounts receivable, (net)	109,223	21,241	2,327	128,741
Total Assets	\$ 652,060	\$ 180,470	\$ 33,551	\$ 641,296
Liabilities				
Due to agency activity	652,060	180,470	33,551	641,296
Due to other taxing districts	-	-	-	-
Total Liabilities	652,060	180,470	33,551	641,296
Net Assets				
Held in trust for other purposes	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 September 30, 2007
 With Comparative Totals for September 30, 2006

	Agency Funds		Totals	
	Public Hospital	Urban Renewal Districts	2007	2006
Assets				
Cash in bank and investments	\$ -	\$ 8,838	\$ 2,842,018	\$ 1,913,116
Receivables:				
Taxes delinquent	-	368,319	3,771,922	3,891,541
Accounts receivable, (net)	3,144	-	774,943	741,043
Total Assets	\$ 3,144	\$ 377,157	\$ 7,388,883	\$ 6,545,700
Liabilities				
Due to agency activity	3,144	377,157	7,388,883	3,026,119
Due to other taxing districts	-	-	-	3,519,581
Total Liabilities	3,144	377,157	7,388,883	6,545,700
Net Assets				
Held in trust for other purposes	\$ -	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report

continued

KOOTENAI COUNTY, IDAHO
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
September 30, 2007
With Comparative Totals for September 30, 2006

	Private Purpose Trust Funds	
	2007	2006
Assets		
Cash in bank and investments	\$ 6,506,267	\$ 6,596,351
Receivables:		
Taxes delinquent	57,997	37,095
Accounts receivable, (net)	33	3,138
Total Assets	\$ 6,564,297	\$ 6,636,584
Liabilities		
Accounts payable	60,206	170,908
Deferred compensation payable	1,983,052	1,923,081
Deferred property taxes	81,485	140,017
Due in more than one year	16,227	12,620
Due to other individuals	9,313	-
Total Liabilities	2,150,283	2,246,626
Net Assets		
Held in trust for other purposes	\$ 4,414,014	\$ 4,389,958

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, 2007

Agency Funds

<i>State of Idaho</i>	Balance 10/1/06	Additions	Deletions	Balance 9/30/07
Assets				
Cash in bank and investments	\$ 1,201,915	\$ 14,904,266	\$ 14,921,503	\$ 1,184,678
Receivables:				
Taxes delinquent	27,484	762,867	722,999	67,352
Total Assets	1,229,399	15,667,133	15,644,502	1,252,030
Liabilities				
Due to other governments	1,229,399	15,667,133	15,644,502	1,252,030
Total Liabilities	\$ 1,229,399	\$ 15,667,133	\$ 15,644,502	\$ 1,252,030
 <i>Cities</i>				
Assets				
Cash in bank and investments	\$ 192,905	\$ 27,244,551	\$ 26,781,237	\$ 656,219
Receivables:				
Taxes delinquent	759,319	24,171,787	24,066,174	864,932
Accounts receivable, (net)	392,136	400,827	392,136	400,827
Total Assets	1,344,360	51,817,165	51,239,547	1,921,978
Liabilities				
Due to other governments	1,344,360	51,817,165	51,239,547	1,921,978
Total Liabilities	\$ 1,344,360	\$ 51,817,165	\$ 51,239,547	\$ 1,921,978
 <i>Highway Districts</i>				
Assets				
Cash in bank and investments	\$ 32,568	\$ 6,234,613	\$ 6,148,616	\$ 118,565
Receivables:				
Taxes delinquent	228,315	6,443,907	6,385,760	286,462
Accounts receivable, (net)	100,545	109,440	100,545	109,440
Total Assets	361,428	12,787,960	12,634,921	514,467
Liabilities				
Due to other taxing districts	361,428	12,787,960	12,634,921	514,467
Total Liabilities	\$ 361,428	\$ 12,787,960	\$ 12,634,921	\$ 514,467
 <i>School Districts</i>				
Assets				
Cash in bank and investments	\$ 367,665	\$ 21,674,257	\$ 21,554,247	\$ 487,675
Receivables:				
Taxes delinquent	1,912,783	20,389,217	20,976,946	1,325,054
Total Assets	2,280,448	42,063,474	42,531,193	1,812,729
Liabilities				
Due to other taxing districts	2,280,448	42,063,474	42,531,193	1,812,729
Total Liabilities	\$ 2,280,448	\$ 42,063,474	\$ 42,531,193	\$ 1,812,729

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, 2007

	Agency Funds			
	Balance 10/1/06	Additions	Deletions	Balance 9/30/07
<i>Fire Districts</i>				
Assets				
Cash in bank and investments	\$ 57,177	\$ 10,182,147	\$ 10,043,279	\$ 196,045
Receivables:				
Taxes delinquent	258,500	9,812,086	9,723,794	346,792
Accounts receivable, (net)	101,121	109,223	101,121	109,223
Total Assets	416,798	20,103,456	19,868,194	652,060
Liabilities				
Due to other taxing districts	416,798	20,103,456	19,868,194	652,060
Total Liabilities	\$ 416,798	\$ 20,103,456	\$ 19,868,194	\$ 652,060
<i>Public Library</i>				
Assets				
Cash in bank and investments	\$ 9,498	\$ 1,648,853	\$ 1,630,222	\$ 28,129
Receivables:				
Taxes delinquent	112,791	1,578,503	1,560,194	131,100
Accounts receivable, (net)	19,996	21,241	19,996	21,241
Total Assets	142,285	3,248,597	3,210,412	180,470
Liabilities				
Due to other taxing districts	142,285	3,248,597	3,210,412	180,470
Total Liabilities	\$ 142,285	\$ 3,248,597	\$ 3,210,412	\$ 180,470
<i>Water & Sewer Districts</i>				
Assets				
Cash in bank and investments	\$ 2,379	\$ 251,198	\$ 247,407	\$ 6,170
Receivables:				
Taxes delinquent	20,502	244,638	240,086	25,054
Accounts receivable, (net)	2,226	2,326	2,225	2,327
Total Assets	25,107	498,162	489,718	33,551
Liabilities				
Due to other taxing districts	25,107	498,162	489,718	33,551
Total Liabilities	\$ 25,107	\$ 498,162	\$ 489,718	\$ 33,551
<i>North Idaho College</i>				
Assets				
Cash in bank and investments	\$ 45,177	\$ 8,163,109	\$ 8,052,587	\$ 155,699
Receivables:				
Taxes delinquent	282,164	7,744,285	7,669,593	356,856
Accounts receivable, (net)	121,875	128,741	121,875	128,741
Total Assets	449,216	16,036,135	15,844,055	641,296
Liabilities				
Due to other governments	449,216	16,036,135	15,844,055	641,296
Total Liabilities	\$ 449,216	\$ 16,036,135	\$ 15,844,055	\$ 641,296

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, 2007

	Agency Funds			
	Balance 10/1/06	Additions	Deletions	Balance 9/30/07
<i>Kootenai County Public Hospital</i>				
Assets				
Receivables:				
Accounts receivable, (net)	\$ 3,144	\$ 3,144	\$ 3,144	\$ 3,144
Total Assets	3,144	3,144	3,144	3,144
Liabilities				
Due to other individuals	3,144	3,144	3,144	3,144
Total Liabilities	\$ 3,144	\$ 3,144	\$ 3,144	\$ 3,144
<i>Urban Renewal Districts</i>				
Assets				
Cash in bank and investments	\$ 3,832	\$ 4,550,071	\$ 4,545,065	\$ 8,838
Receivables:				
Taxes delinquent	289,683	4,594,772	4,516,136	368,319
Total Assets	293,515	9,144,843	9,061,201	377,157
Liabilities				
Due to other taxing districts	293,515	9,144,843	9,061,201	377,157
Total Liabilities	\$ 293,515	\$ 9,144,843	\$ 9,061,201	\$ 377,157
<i>Trust Funds</i>				
		Private Purpose Trust Funds		
Assets				
Cash in bank and investments	\$ 6,596,351	\$ 9,476,679	\$ 9,566,763	\$ 6,506,267
Receivables:				
Taxes delinquent	37,095	22,552	1,650	57,997
Accounts receivable, (net)	3,138	33	3,138	33
Total Assets	6,636,584	9,499,264	9,571,551	6,564,297
Liabilities				
Accounts payable	170,908	3,529,750	3,640,452	60,206
Deferred compensation payable	1,923,081	59,971	-	1,983,052
Deferred property taxes	140,017	-	58,532	81,485
Due in more than one year	12,620	3,607	-	16,227
Due to individuals	-	9,313	-	9,313
Due to other funds	4,389,958	10,332,474	10,308,418	4,414,014
Total Liabilities	\$ 6,636,584	\$ 13,935,115	\$ 14,007,402	\$ 6,564,297

See accompanying Independent Auditors' Report

Statistical Section

2007 Eurasian Watermilfoil Control in the Inland Empire Cooperative Weed Management Area. (IECWMA)

In 1998, Eurasian watermilfoil (known as EWM), a submerged, non-native aquatic plant, was found in approximately 600 acres of Hayden Lake, a prime recreational lake in Kootenai County, Idaho. Control measures began and in 2002, because the Inland Empire CWMA encompasses the counties of Benewah, Kootenai and Shoshone, the decision was made by the CWMA partners to make EWM control a priority. In the years that followed, control efforts have been attempted by the CWMA, using integrated management tools while building public awareness. In 2005, about 400 acres of EWM was reported in the tribal waters of Lake Coeur d'Alene by the Coeur d'Alene Tribe, in Benewah County. For 2006, approximately 250 acres of EWM were surveyed and treated in the Coeur d'Alene River chain lake system (Cave and Medicine Lake) by the State Milfoil Task Force (part of the State of Idaho Invasive Species Council).

By 2007, the Idaho State Legislature funding appropriation to eradicate or control/contain EWM in Idaho was in the second season (Phase II) of a three season program. The IECWMA received a grant for EWM control in the IECWMA (Benewah, Kootenai and Shoshone Counties) from the Idaho State Dept. of Agriculture (ISDA) in the amount of \$300,992. Other monies collected were \$13,385 from Hayden/Cave/Medicine Lake private landowners, \$5,000 from the Idaho Dept of Lands (IDL) and \$20,000 from Kootenai County Board of County Commissioners for an overall working total of \$339,377.

New in 2007 was the addition of a standardized aquatic plant survey protocol from the new Aquatic Plant Management Specialist, Mr. Tom Woolf, with the ISDA/Noxious Weed Program. This was a step forward for Idaho's monitoring of EWM control results by providing consistent data collecting procedures for project managers, survey contractors and the ISDA. The introduction of the new survey protocol fit one of the major goals of the 2007 IECWMA EWM Control project, namely the development of a comprehensive survey of EWM infestations throughout the CWMA.

continued on page 141



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	116
<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	119
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	131
<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.	133
<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	136
<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 Six Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>Fiscal Year</u>					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	\$ 29,841	\$ 31,012	\$ 32,657	\$ 35,833	\$ 44,717	\$ 47,604
Restricted	5,057	364	4,475	13,407	7,398	1,562
Unrestricted	7,601	8,035	10,650	14,879	18,788	22,769
Total governmental activities net assets	\$ 42,499	\$ 39,411	\$ 47,782	\$ 64,119	\$ 70,903	\$ 71,935
Business-type activities						
Invested in capital assets, net of related debt	\$ 1,437	\$ 2,830	\$ 1,883	\$ 3,350	\$ 3,134	\$ 13,296
Restricted	2,912	3,249	3,938	3,707	15,955	15,772
Unrestricted	17,461	18,561	20,702	22,821	13,924	7,820
Total business-type activities net assets	\$ 21,810	\$ 24,640	\$ 26,523	\$ 29,878	\$ 33,013	\$ 36,888
Primary government						
Invested in capital assets, net of related debt	\$ 31,278	\$ 33,842	\$ 34,540	\$ 39,183	\$ 47,851	\$ 60,900
Restricted	7,969	3,613	8,413	17,114	23,353	17,334
Unrestricted	25,062	26,596	31,352	37,700	32,712	30,589
Total primary government net assets	\$ 64,309	\$ 64,051	\$ 74,305	\$ 93,997	\$ 103,916	\$ 108,823

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

	<u>Fiscal Year</u>					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government	\$ 19,115	\$ 22,652	\$ 22,805	\$ 22,099	\$ 24,302	\$ 25,878
Public works	932	1,550	1,759	2,015	2,246	2,292
Public safety	19,902	18,029	18,421	21,565	23,289	26,488
Sanitation weed control	282	231	297	333	538	577
Health and welfare	2,168	2,095	2,614	2,940	2,912	2,660
Culture and recreation	214	867	959	966	1,100	1,085
Capital projects	131	28	64	73	9	47
Interest on long-term debt	793	754	640	519	169	55
Total governmental activities expenses	43,537	46,206	47,559	50,510	54,565	59,082
Business-type activities:						
Solid waste and landfill	6,162	5,076	6,509	5,898	7,377	7,379
Total business-type activities expenses	6,162	5,076	6,509	5,898	7,377	7,379
Total primary government expenses	\$ 49,699	\$ 51,282	\$ 54,068	\$ 56,408	\$ 61,942	\$ 66,461
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 8,887	\$ 8,627	\$ 9,481	\$ 11,154	\$ 12,247	\$ 12,679
Public safety	5,269	6,670	7,946	8,495	9,897	10,491
Culture and recreation	455	474	518	536	476	656
Other activities	47	61	57	62	59	65
Operating grants and contributions	1,275	1,841	2,987	2,483	1,842	2,842
Capital grants and contributions	2,423	2,082	1,829	3,615	4,996	1,144
Total governmental activities program revenues	18,356	19,755	22,818	26,345	29,517	27,877
Business-type activities:						
Charges for services:						
Solid waste and landfill	7,493	7,774	8,363	9,034	9,801	10,300
Operating grants and contributions	-	6	7	-	-	-
Capital grants and contributions	-	-	-	-	-	-
Total business-type activities program revenues	7,493	7,780	8,370	9,034	9,801	10,300
Total primary government program revenues	\$ 25,849	\$ 27,535	\$ 31,188	\$ 35,379	\$ 39,318	\$ 38,177

continued

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

	<u>Fiscal Year</u>					
	2002	2003	2004	2005	2006	2007
Net (expense)/revenue						
Governmental activities	\$ (25,181)	\$ (26,451)	\$ (24,741)	\$ (24,165)	\$ (25,048)	\$ (31,205)
Business-type activities	1,330	2,704	1,860	3,135	2,424	2,921
Total primary government net (expense)/revenue	\$ (23,851)	\$ (23,747)	\$ (22,881)	\$ (21,030)	\$ (22,624)	\$ (28,284)
General Revenues and other Changes in Net Assets						
Governmental activities:						
Taxes:						
Property taxes, levied for general purposes	\$ 22,443	\$ 23,031	\$ 27,675	\$ 28,541	\$ 26,922	\$ 28,408
Sales and use taxes	5,446	14	4,664	10,119	1,879	-
Miscellaneous	628	672	1,150	965	1,037	1,392
Interest and investment earnings	627	417	335	756	1,475	1,917
Transfers	638	(770)	(712)	519	519	519
Total governmental activities	29,782	23,364	33,112	40,900	31,832	32,236
Business-type activities:						
Interest and investment earnings	497	406	381	587	1,160	1,427
Miscellaneous	9	138	124	70	70	45
Gain (Loss) on sale of assets/property	-	-	-	77	(1)	-
Transfers	(399)	(419)	(482)	(519)	(519)	(519)
Total business-type activities	107	125	23	215	710	953
Total primary government	\$ 29,889	\$ 23,489	\$ 33,135	\$ 41,115	\$ 32,542	\$ 33,189
Change in Net Assets						
Governmental activities	\$ 4,600	\$ (3,088)	\$ 8,371	\$ 16,735	\$ 6,784	\$ 1,031
Business-type activities	1,437	2,830	1,883	3,350	3,134	3,874
Total primary government	\$ 6,037	\$ (258)	\$ 10,254	\$ 20,085	\$ 9,918	\$ 4,905

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

Fiscal Year	Property Tax	Resort Sales Tax ¹	Total
2002	\$ 22,443	\$ 5,446	\$ 27,889
2003	23,028	14	23,042
2004	27,667	4,664	32,331
2005	28,540	10,119	38,659
2006	26,922	1,878	28,800
2007	28,408	-	28,408

¹ 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 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>									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ -	\$ -	\$ -	\$ 465	\$ 261	\$ 256	\$ 237	\$ 1,666	\$ 2,382	\$ 3,576
Unreserved	5,381	5,611	5,096	6,078	7,153	8,004	9,855	13,833	18,443	20,207
Total general fund	\$ 5,381	\$ 5,611	\$ 5,096	\$ 6,543	\$ 7,414	\$ 8,260	\$ 10,092	\$ 15,499	\$ 20,825	\$ 23,783
All other governmental funds										
Reserved	\$ -	\$ -	\$ 8,016	\$ 1,731	\$ 4,796	\$ 109	\$ 4,239	\$ 11,741	\$ 4,083	\$ 62
Unreserved, reported in:										
Special revenue funds	902	610	970	2,154	729	385	1,002	1,239	1,504	2,954
Capital projects funds	18	1,549	-	846	(281)	(183)	(208)	(193)	(226)	(224)
Jail tax payment fund	-	-	-	-	-	(171)	-	-	-	-
Total all other governmental funds	\$ 920	\$ 2,159	\$ 8,986	\$ 4,731	\$ 5,244	\$ 140	\$ 5,033	\$ 12,787	\$ 5,361	\$ 2,792

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>									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 17,446	\$ 18,701	\$ 21,651	\$ 27,728	\$ 27,762	\$ 22,926	\$ 32,335	\$ 38,659	\$ 28,786	28,307
Licenses and permits	1,032	1,132	1,141	1,144	1,183	1,250	1,323	1,413	1,376	1,433
Intergovernmental	6,387	5,980	7,878	8,660	8,935	9,182	10,916	12,693	14,420	11,485
Interest	6	6	19	24	627	417	335	756	1,475	1,917
Fines and forfeitures	801	866	973	989	908	1,026	989	1,000	1,057	1,297
Charges for services	3,184	5,534	5,821	6,368	7,331	8,297	9,590	7,112	8,247	8,384
Miscellaneous	1,912	1,589	1,950	2,360	574	583	935	965	1,037	2,026
Total revenues	30,768	33,808	39,433	47,273	47,320	43,681	56,423	62,598	56,398	54,849
Expenditures										
General government	15,402	17,453	20,077	15,011	16,512	21,338	21,878	19,528	21,410	22,511
Public works	-	-	-	-	1,215	602	586	612	642	680
Public safety	11,079	11,865	13,154	17,881	18,627	17,058	17,115	18,877	20,414	22,391
Sanitation weed control	151	220	186	216	-	223	291	283	490	550
Health & welfare	1,419	1,548	1,976	1,921	2,168	2,092	2,609	2,713	2,665	2,598
Culture and recreation	459	451	506	836	214	773	880	793	914	893
Capital projects	174	70	37	63	130	28	64	73	9	47
Debt Service:										
Principal retirement	1,048	832	2,123	3,188	1,412	1,580	1,700	1,747	5,592	596
Interest expense	-	-	-	-	730	690	588	480	160	59
Capital Outlay:										
Capital expenditures	1,193	1,659	1,532	1,010	6,594	1,595	943	926	2,047	3,688
Construction in progress	2,150	710	3,796	10,513	-	1,305	2,563	4,337	4,681	975
Total expenditures	33,075	34,808	43,387	50,639	47,602	47,284	49,217	50,369	59,024	54,988
Excess of revenues over (under) expenditures	(2,307)	(1,000)	(3,954)	(3,366)	(282)	(3,603)	7,206	12,229	(2,626)	(139)
Other financing sources (uses)										
Proceeds notes payable	-	2,000	9,500	-	-	-	-	-	-	-
Proceeds capital leases	455	445	499	24	969	21	48	-	-	-
Proceeds on asset disposal	-	-	-	-	54	89	224	-	-	-
Proceeds insurance	-	-	-	-	5	5	8	13	7	9
Transfers in	1,766	1,679	2,625	5,293	5,227	6,524	4,954	4,930	11,433	9,837
Transfers out	(1,758)	(1,672)	(2,358)	(4,758)	(4,589)	(7,294)	(5,666)	(4,410)	(10,914)	(9,318)
Total other financing sources (uses)	463	2,452	10,266	559	1,666	(655)	(432)	533	526	528
Net change in fund balances	\$ (1,844)	\$ 1,452	\$ 6,312	\$ (2,807)	\$ 1,384	\$ (4,258)	\$ 6,774	\$ 12,762	\$ (2,100)	\$ 389

Debt service and capital outlay as a percentage of non-capital expenditures

19.5%	10.1%	20.7%	40.9%	22.5%	12.3%	13.3%	17.5%	26.8%	10.7%
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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 ¹	Total
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
2007	28,408	-	28,408

¹ 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 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 ⁽¹⁾
				Amount	Percentage	
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
2006	17,151,610,098	2,434,056,230	14,717,553,868	4,661,672,945	46.36%	1.84

¹ Tax Rate per \$1,000 Value includes the Kootenai EMS levy. The EMS levy is a legally separate taxing district, but is part of the County budget approved by the Board of County Commissioners. Included for informational purposes.

Notes:

Values based on 2006 December values certified by the State of Idaho.

Property tax year lags one year behind fiscal year.

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

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
County Direct Rates										
County Direct Rate	1.96	1.84	2.47	3.48	3.65	3.14	3.43	3.92	3.73	3.31
City Rates										
Athol	2.09	2.50	3.07	3.60	3.93	3.62	4.13	3.83	3.78	3.88
Coeur d'Alene	3.99	4.21	5.10	5.56	5.70	5.67	5.62	5.53	5.42	5.25
Dalton Gardens	0.30	0.31	0.43	0.52	0.54	0.53	0.51	0.49	0.54	0.50
Fernan	0.82	0.90	1.11	1.39	1.79	2.08	2.06	2.10	2.10	2.08
Harrison	1.65	2.17	3.26	3.77	3.79	3.72	3.53	4.28	4.32	4.25
Hauser Lake	0.33	0.34	0.48	0.58	0.56	0.45	0.46	0.46	0.49	0.48
Hayden	0.72	0.76	0.93	1.09	1.14	1.15	1.18	1.14	1.17	1.11
Hayden Lake	0.36	0.40	0.57	0.71	0.74	0.79	0.77	0.76	0.70	0.70
Huetter	3.21	4.45	5.34	6.17	5.91	5.91	-	-	-	-
Post Falls	3.87	4.05	4.64	5.35	5.47	5.33	5.34	5.28	5.18	5.27
Rathdrum	3.43	3.54	3.84	4.20	4.17	4.01	3.27	4.68	4.71	4.19
Spirit Lake	3.37	3.46	4.73	5.16	5.76	5.62	5.70	5.48	5.39	4.37
Worley	1.95	1.81	2.41	2.90	2.83	2.70	2.81	3.81	3.81	3.72
School District Rates^a										
Coeur d'Alene # 271	1.14	1.12	5.23	6.29	6.51	6.26	6.23	6.39	6.33	6.21
Lakeland Joint #272	1.33	1.60	4.76	5.92	5.66	5.10	5.60	5.66	5.30	6.03
Post Falls # 273	2.08	2.23	5.61	6.28	6.43	6.18	6.08	5.85	5.95	5.29
Kootenai # 274	1.11	1.40	5.03	5.51	5.36	4.01	3.64	3.85	3.83	4.04
Kellogg Joint #391	3.64	4.45	7.48	8.61	7.76	8.18	8.78	8.45	8.04	8.56
Plummer-Worley Joint #44	0.05	0.04	2.67	3.36	3.36	3.25	3.03	3.34	3.55	3.56
Highway District Rates										
Post Falls # 1	0.31	0.36	0.47	0.57	0.58	0.60	0.65	0.66	0.67	0.68
Lakes # 2	0.42	0.45	0.59	0.78	0.84	0.88	0.90	0.91	0.90	0.93
Eastside # 3	0.52	0.33	0.48	0.61	0.63	0.63	0.61	0.61	0.59	0.57
Worley # 4	0.62	0.67	0.95	1.19	1.26	1.31	1.30	1.30	1.24	1.21

continued

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

	FISCAL YEAR									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Fire District Rates										
Athol	-	-	-	-	-	-	-	-	1.37	1.35
Bayview-	-	-	-	-	-	-	-	-	1.27	1.22
Eastside	0.56	0.60	0.85	1.22	1.31	1.34	1.32	1.32	1.32	1.32
Hauser Lake	0.72	0.74	0.98	1.22	1.20	0.83	0.82	0.81	0.80	0.78
Northern Lakes	0.71	0.75	0.95	1.18	1.24	1.25	1.26	1.22	1.22	1.19
KC Fire & Rescue	1.27	1.34	1.72	2.06	2.13	1.69	1.67	-	-	-
Kootenai Fire #1	-	-	-	-	-	-	-	1.87	1.87	1.78
Mica Kidd Island	0.33	0.34	0.55	0.72	0.78	0.88	0.91	0.96	-	-
Post Falls	-	-	-	-	-	-	-	1.50	1.21	1.26
Rathdrum	-	-	-	-	-	-	-	0.95	0.94	0.93
Shoshone County #2	1.20	1.43	2.07	2.39	2.37	2.33	2.10	1.94	1.90	1.89
Spirit Lake	0.72	0.74	0.97	1.18	1.22	1.23	1.23	1.18	0.54	0.61
St. Maries	0.77	0.80	0.95	0.99	0.97	0.96	0.92	0.92	0.93	0.80
Timberlake	0.68	0.81	1.09	1.38	2.16	2.21	1.37	1.38	-	-
Worley	0.48	0.52	0.77	0.92	1.00	1.04	1.03	1.04	1.00	0.98
Water/Sewer District Rates										
Cataldo Water	0.38	0.44	0.58	0.69	0.38	0.66	0.59	0.58	0.52	0.51
Cleland Bay Sewer	0.23	0.24	0.43	0.48	0.51	0.54	0.54	0.56	0.56	0.59
Hayden Lake Sewer	0.03	0.03	0.05	0.07	0.07	0.07	0.08	0.08	0.08	0.08
Kidd Island Bay Sewer	0.33	0.35	0.40	0.56	0.65	0.74	0.85	0.86	0.89	1.02
Kingston-Cataldo Sewer	0.46	0.51	0.66	0.79	0.78	0.76	0.70	0.68	0.57	0.62
Kootenai Water #1	0.72	0.78	1.35	1.69	1.80	1.79	1.73	1.79	1.73	1.52
North Kootenai Water	-	-	-	-	-	-	-	-	-	0.21
Other Special District Rates										
Kootenai										
Consolidated Library	0.16	0.17	0.23	0.29	0.27	0.28	0.30	0.30	0.60	0.59
KCEMSS	0.10	0.10	0.14	0.16	0.33	0.33	0.15	0.13	0.15	0.15
North Idaho College	0.51	0.53	0.71	0.74	0.77	0.77	0.77	0.94	1.03	1.03
Flood Control #17	0.30	0.35	0.53	0.67	0.45	0.36	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.

^(a) 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 2007

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
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
2007	0.001963862	0.026121947	0.001872223	0.009360749	0.007444778	0.002150385	0.092533167

Tax Year 2007	Cities	Highways	Schools	Fire	Water & Sewer	Other
Number of taxing districts	13	4	6	10	6	15
Average tax rate per district	0.002009381	0.000468056	0.001560125	0.000744478	0.000358398	0.006168878
Minimum levy rate	0.000301314	0.000310345	0.000054724	0.000714802	0.000031749	0.000097363
Maximum levy rate	0.003988886	0.000622948	0.003642007	0.001270475	0.000724864	0.0103703238

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.

2007 Levies as of 9/30/07.

Kootenai County Comprehensive Annual Financial Report - FY 2007

KOOTENAI COUNTY, IDAHO
Principal Property Taxpayers, Current Year and Nine Years Ago
September 30, 2007

Taxpayer	2007 ¹			1998		
	Net Taxes Due	Rank	Percentage of Net Taxes Due	Net Taxes Due	Rank	Percentage of Net Taxes Due
Hagadone Hospitality Co., Duane B. Hagadone, etal	\$ 1,072,541	1	3.80%	\$ 977,807	3	5.54%
Rathdrum Power, LLC	998,881	2	3.54%	-	-	-
Avista Corporation (formerly Washington Water Power)	941,668	3	3.33%	2,275,371	1	12.89%
Stephen F. Meyer, etal ²	722,360	4	2.56%	281,181	10	1.59%
Verizon Northwest, Inc. (formerly GTE)	664,252	5	2.35%	1,374,438	2	7.78%
The Club at Black Rock LLC, Black Rock Development Inc.	463,699	6	1.64%	-	-	-
Stimson Lumber Company	291,199	7	1.03%	-	-	-
Rockwood Lodge LLC, Greystone & Hanley Homes LLC	271,390	8	0.96%	-	-	-
N Idaho Surgical Hospital Bldg LLC, James F Cotter	262,749	9	0.93%	-	-	-
Buck 110 LLC, Jacklin Co., Jacklin Management Co.	251,431	10	0.89%	-	-	-
Kimball International Market Inc., Flexcel Inc.	244,423	11	0.87%	502,391	5	2.85%
Magnuson Properties Partnership, etal	233,319	12	0.83%	-	-	-
Neighborhood Inc.	208,917	13	0.74%	-	-	-
Gillhoover-McIntire, Ron McIntire etal, John C Young, etal	208,504	14	0.74%	-	-	-
US Bank NA, National Corp, & Corporate Properties	187,210	15	0.66%	-	-	-
Idaho Forest Industries	-	-	-	385,531	7	2.18%
PG & E Gas Transmission, NW	-	-	-	554,927	4	3.14%
Price Development Company	-	-	-	411,471	6	2.33%
Crown Pacific Inland Lumber, Ltd.	-	-	-	318,184	9	1.80%
Inland Empire Paper Company	-	-	-	371,204	8	2.10%
CDA Factory Outlets, Ltd Partnership	-	-	-	189,572	11	1.07%
Burlington Northern	-	-	-	184,883	12	1.05%
Kootenai Cable Inc.	-	-	-	158,124	13	0.90%
Atlas Tie Company	-	-	-	151,375	14	0.86%
Potlatch Corporation	-	-	-	141,847	15	0.80%
Sub Total	7,022,543		24.86%	8,278,305		41.35%
All Other Taxpayers	21,231,426		75.14%	9,378,109		58.65%
Total Net Taxes Due to Kootenai County	\$ 28,253,969		100.00%	\$ 17,656,414		100.00%

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:

¹ Based on 2007 Net Taxes due as of December 20, 2007.

² 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
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	24,971,856	100.54%
2007	28,253,969	27,301,289	96.63%	190,022 ¹	27,491,311	97.30%

¹ Tax collections as of December 20, 2007.

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>
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
2007	15,713,148	406,921	460,205	2,152,291	14,427,983	1.96

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 2006 Tax Year

<u>District</u>	<u>Foregone Amount</u>
Kootenai County	3,393,207
City of Athol	7,763
City of Coeur d'Alene	1,121,899
City of Dalton Gardens	11
City of Fernan Lake	4,683
City of Hauser Lake	26
City of Hayden	82
City of Hayden Lake	3
City of Post Falls	113,285
City of Rathdrum	13
City of Spirit Lake	27,609
Kootenai County Emergency Medical Services System	40,694
East Side Fire	55,551
Kootenai County Fire & Rescue	42,404
Northern Lakes Fire	6,344
Shoshone Fire # 2	12
Spirit Lake Fire	790
Timberlake Fire	2,324
Flood Control #17	10,532
Post Falls Highway # 1	575,483
Lakes Highway # 2	788,127
Worley Highway # 4	2
North Idaho College	2,643,095
Hayden Lake Rec Water/Sewer	3,641
Kidd Island Bay Sewer	181
Kootenai Water # 1	2,567

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 2007

Assessed Valuations:	
Assessed Value	\$ 14,717,553,868
Add Back Homestead Exemptions	2,434,056,230
Total Assessed Value	\$ 17,151,610,098
Legal Debt Margin	
Debt Limitation*: 2% of assessed market value	\$ 343,032,202
Less: Debt applicable to limitation:	
Solid Waste Refunding Bonds, Series 1993 ¹	-
Legal Debt Margin	\$ 343,032,202

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$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	\$343,032,202
Total net debt applicable to limit	3,870,000	3,160,000	2,425,000	1,655,000	845,000	-	-	-	-	-
Legal debt margin	\$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	\$343,032,202
Total net debt applicable to the limit as a percentage of debt limit	3.20%	2.53%	1.88%	1.23%	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%

*Idaho Code: 31-1901;50-1019

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

Kootenai County Comprehensive Annual Financial Report - FY 2007

KOOTENAI COUNTY, IDAHO
 Schedule of Direct and Overlapping Debt
 September 30, 2007

Number of Issues	Jurisdiction	Net Debt Outstanding	Earliest Issue Date (Month/Year)	Oldest Maturity Date (Month/Year)	Applicable to Kootenai County Percentage	Amount
Direct Debt:						
1	Kootenai County	\$ 622,095	Sep/00	May/18	100.00%	\$ 622,095
Direct Debt		622,095			100.00%	622,095
Overlapping Debt:						
4	City of Coeur d'Alene	10,965,000	Mar/06	Sep/25	100.00%	10,965,000
1	City of Harrison	54,325	Jan/77	Jan/17	100.00%	54,325
10	City of Post Falls	15,990,374	May/89	Jun/25	100.00%	15,990,374
2	City of Rathdrum	642,725	Jan/88	Mar/11	100.00%	642,725
3	City of Spirit Lake	899,555	Jan/93	Aug/24	100.00%	899,555
1	Coeur d'Alene SD #271	6,704,723	Oct/97	Aug/12	100.00%	6,704,723
5	Lakeland SD #272	25,235,000	Dec/03	Aug/25	99.91%	25,212,289
3	Post Falls SD #273	23,605,000	Dec/98	Aug/18	100.00%	23,605,000
2	Kootenai Joint SD #274	2,031,736	Dec/02	Aug/12	99.39%	2,019,342
2	Kellogg Joint SD #391	12,935,000	Feb/98	Sep/26	20.01%	2,588,294
19	Kootenai Consolidated Library	3,420,000	Oct/05	Oct/25	97.19%	3,323,898
1	Flood Control District #17	275,784	Feb/05	May/20	100.00%	275,784
1	Kootenai County Fire & Rescue	700,000	Sep/00	Sep/10	100.00%	700,000
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	263,841	Apr/93	Apr/12	100.00%	263,841
1	Kingston-Cataldo Sewer District	162,244	Dec/79	Dec/19	6.90%	11,195
1	Kootenai County Water District #1	13,969	Feb/91	Feb/11	100.00%	13,969
1	North Kootenai Water District	1,585,000	Aug/99	Aug/18	100.00%	1,585,000
Overlapping Debt		107,524,565			88.64%	95,310,602
Total Overlapping & Underlying Debt		\$108,146,660			88.71%	\$ 95,932,697

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
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	4.2%	1,466,465	2.6%
2007	134,442 ¹	1.1%	1,499,402 ¹	2.2%

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		
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	27,449	28,301	97.0%	3,444,620	4.5%
2006	29,134	29,920	97.4%	3,808,425	3.8%
2007	N/A ²	N/A ²	N/A ²	N/A ²	3.0%

Year	School Enrollment ^{(a) 3}	Regular High School Diplomas ^{(a) 4}	Median Age	
			1990 Census	1995
1998	19,071	1,098	35.0	
1999	19,550	1,134	35.7	
2000	20,022	1,153	36.1	
2001	20,315	1,238	36.4	
2002	20,351	1,156	36.6	
2003	20,667	1,192	36.8	
2004	21,153	1,239	37.0	
2005	21,707	1,358	36.9	
2006	22,260	1,348	37.1	
2007	22,783	1,531		

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

^(a) Idaho Department of Education

¹ Population estimate by Idaho Department of Commerce & Labor as of July 1, 2007.

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

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

⁴ Regular high school diplomas includes those from alternative high schools and charter academies.

Kootenai County Comprehensive Annual Financial Report - FY 2007

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

Employer	2007			1998		
	Range of Employees	Rank	Percentage of Total County Employment	Range of Employees	Rank	Percentage of Total County Employment
Kootenai Medical Center	1,700 - 1,799	1	2.99 - 3.16%	1,200 - 1,299	1	3.07 - 3.32%
Coeur d'Alene School District	1,300 - 1,399	2	2.28 - 2.46%	1,000 - 1,099	2	2.56 - 2.81%
Hagadone Hospitality	1,200 - 1,299	3	2.11 - 2.29%	1,000 - 1,099	3	2.61 - 2.81%
Center Partners	1,000 - 1,099	4	1.76 - 1.93%	-	-	-
North Idaho College	900 - 999	5	1.58 - 1.76%	800 - 899	4	2.05 - 2.30%
Coeur d'Alene Tribe	800 - 899	6	1.41 - 1.58%	-	-	-
Kootenai County	700 - 799	7	1.23 - 1.41%	500 - 599	5	1.28 - 1.53%
Post Falls School District	600 - 699	8	1.06 - 1.23%	500 - 599	7	1.28 - 1.53%
Lakeland School District	500 - 599	9	0.88 - 1.05%	400 - 499	8	1.02 - 1.28%
Wal-Mart	500 - 599	10	0.88 - 1.05%	-	-	-
Flexcel	-	-	-	500 - 599	6	1.28 - 1.53%
Idaho Forest Industries	-	-	-	400 - 499	9	1.02 - 1.28%
Coldwater Creek	-	-	-	300 - 399	10	0.77 - 1.02%
Kootenai County Non-Farm Payroll Employment Total ¹	56,849 ²			39,076		
Average employment size of the 10 largest employers	950			700		

Source for Data: Idaho Department of Commerce & Labor

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

² Estimate

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

Institution Type	Number of Branches	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<i>(1) Data as of June 30th</i>											
Commercial Banks	42	\$ 1,611	\$ 1,435	\$ 1,302	\$ 1,271	\$ 1,002	\$ 923	\$ 880	\$ 847	\$ 802	\$ 696
FDIC Savings Banks	2	83	137	170	142	127	106	69	60	47	82
Subtotal FDIC- Insured Institutions	44	1,694	1,572	1,472	1,413	1,129	1,029	949	907	849	778
<i>(2) Data as of December 31st</i>											
Credit Unions	1	8	9	9	10	23	22	23	20	21	20
Total	45	\$ 1,702	\$ 1,581	\$ 1,481	\$ 1,423	\$ 1,152	\$ 1,051	\$ 972	\$ 927	\$ 870	\$ 798

Kootenai County's total deposit market share for all FDIC-Insured institutions rank at 9.58% 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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function										
General Government	245	251.4	227.4	269.3	249.5	270.6	275.6	280	282.4	301.9
Public Safety										
Sheriff	97	96	96	100.9	97.9	103.9	99.9	99.9	111.4	112.4
Jail	72	73.8	78.3	82.9	92.9	98.9	108.9	113.9	115.9	123.9
Justice	49	52	55	58.5	62.7	64.1	64.6	66.6	69.1	67.1
Public Health	38	39	32	32	31	34.5	35.5	35.5	36.5	37
Building	12	12	12	12	12.5	12.5	11	12	18	20
Public Works										
Airport	6	6.5	6.5	6.5	7	7	7	7.1	7.6	7.6
Solid Waste										
Transfer Station	36	35.5	35.5	36.5	36.6	37	39	44	43	50.5
Noxious Weed Control	2	2.3	2.3	2	3	3	2	2	2.6	2.6
Health & Welfare										
County Assistance	7	8	8	8	7	7	7	7	7	7
Culture & Recreation										
Snowmobile	0	0	0	0	0.5	1	1	0	0	0.5
Parks & Recreation	3	3	3	3	1	2.1	3	3	3.5	3.25
Waterways	3	3	3.5	3.5	5	5.5	3.5	3	3.5	3.25
Marine Deputy ¹	2	1.5	1.5	2	2	2	2	0.6	1	1
Total	572	584	561	617.1	608.6	649.1	660	674.6	701.5	738

Source: Kootenai County Adopted Budget documents

¹ 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Physical arrests	6,188	5,933	6,369	5,926	5,904	6,727	7,288	7,382	8,032	8,627
District Court Caseloads										
Felonies	921	944	790	713	695	825	928	1,003	981	930
Misdemeanors	9,533	8,695	8,278	7,030	7,154	8,370	8,492	7,540	8,770	12,672
Infractions	18,217	14,944	16,447	15,930	16,021	17,726	19,295	16,948	17,674	22,075
Refuse Collection										
Landfilled refuse ¹	102	106	105	111	113	119	136	138	140	138
Refuse collected ¹	123	128	130	139	144	150	168	182	195	191
Recyclables collected ¹	8.9	10.9	11.5	11.1	11.1	12.1	12.9	21.1	22	23
Parks and Waterways										
Improved facilities	22	22	23	23	23	24	24	24	24	24
Airport										
Hangars ²	52	55	59	61	66	68	72	74	82	90

Sources: Various County Departments

¹ Amounts shown in thousands of tons.

² 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
2007	327	\$ 100,885,223	73	\$ 35,171,069
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

Notes:

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



Kootenai County Comprehensive Annual Financial Report - FY 2007

KOOTENAI COUNTY, IDAHO
Capital Asset Values by Function
Last Ten Fiscal Years
(amounts in thousands of dollars)

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government:										
Land	\$ 837	\$ 837	\$ 1,476	\$ 1,523	\$ 1,523	\$ 1,894	\$ 1,931	\$ 1,931	\$ 1,931	\$ 2,327
Buildings	12,192	14,195	14,195	14,195	14,409	14,663	14,454	14,454	14,489	15,365
Improvements	-	-	-	-	-	-	3	33	42	41
Machinery and equipment	5,441	5,877	5,815	6,317	6,813	7,000	7,305	7,585	8,260	8,991
Public works:										
Land	133	676	676	676	986	1,819	1,819	1,828	1,828	1,828
Buildings	-	-	-	-	256	502	502	562	562	562
Improvements	7,548	7,944	8,786	11,244	13,396	13,219	13,222	17,440	17,445	20,470
Machinery and equipment	697	745	767	1,460	1,624	1,625	1,660	1,707	1,748	1,752
Public safety:										
Land	65	65	65	65	65	65	65	65	107	107
Buildings	7,144	7,144	7,144	9,140	9,090	20,184	20,213	20,213	20,223	20,552
Improvements	-	-	-	-	-	13	13	22	37	44
Machinery and equipment	4,343	5,060	5,366	5,508	5,606	5,954	6,108	6,313	7,112	8,680
Sanitation:										
Land	735	735	735	450	450	986	1,275	1,275	1,275	1,294
Buildings	183	183	183	183	183	183	572	572	572	572
Improvements	16,049	16,049	16,049	16,049	18,247	18,720	19,826	20,435	20,644	20,911
Machinery and equipment	4,340	4,973	5,104	5,362	5,447	6,215	6,535	6,855	7,330	8,075
Health & welfare:										
Machinery and equipment	41	48	35	35	33	35	35	32	30	31
Culture and recreation:										
Land	-	85	85	85	85	250	249	249	249	249
Buildings	2,984	2,995	2,995	3,005	3,212 ¹	228	239	239	251	239
Improvements	-	-	-	134	140	136	585	591	611	1,201
Machinery and equipment	1,270	1,284	1,343	1,053	956 ¹	993	1,044	1,029	1,198	477
Capital projects:										
Construction in progress	1,167	948	5,531	11,210	11,298	1,588	3,684	3,157	7,641	5,789
Total Capital Assets	\$ 65,169	\$ 69,843	\$ 76,350	\$ 87,694	\$ 93,819	\$ 96,272	\$ 101,339	\$ 106,587	\$ 113,585	\$ 119,557

¹ In 2002 and 2003 \$108 from Machinery and Equipment and \$2,928 from Buildings belonging to North Idaho Fair and Rodeo were removed from Culture and Recreation.

In 2007, all Capital Assets belonging to the Marine Deputy cost center were moved from Culture and Recreation to Public Safety.

In 2007, all Capital Assets belonging to the County Auto Shop cost center were moved from General Government to Public Safety.

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety:										
Kootenai County Sheriff										
Sheriff Office	1	1	1	1	1	1	1	1	1	1
Patrol Units	50	56	57	57	57	57	58	58	58	58
Public Safety Buildings	1	1	1	2	2	3	3	3	3	3
Sanitation:										
Ramsey Transfer Station										
Trash Rolloff Bins	12	15	15	15	15	20	34	34	37	36
Loaders	3	3	3	3	3	3	3	3	3	3
Tractor Trucks	4	5	5	5	5	6	6	5	6	6
Transfer Trailers	13	13	13	15	17	18	20	21	25	31
Fighting Creek Landfill										
Heavy Machinery & Equipment	5	5	8	8	8	8	8	9	9	13
Culture and Recreation:										
Waterways/ Park & Recreation										
Pumpouts	8	8	10	10	10	10	10	10	10	10
Vault Toilets										
Wood	6	6	6	7	7	7	7	7	7	7
Concrete	0	0	1	2	2	3	3	3	4	3

Sources: Various County Departments

SINGLE AUDIT SECTION

During the 2007 season, the following activities were completed;

- Survey activity done by IECWMA
- 3 aerial surveys were completed between August and October, covering 3 bays in Hayden Lake with major EWM infestations.
- 6 surface surveys completed between June and September, consisting of pre- and post-treatment surveys at six locations. Of the original 11 locations targeted to survey within the CWMA, ten (10) areas total were examined for EWM under the new protocol, either by the ISDA, homeowner associations or the CWMA.
- Chemical Control - 403 surface acres were treated in July and August with two (2) aquatically approved herbicides while water testing and dissolved oxygen readings followed through October.
- Mechanical Control - 19 acres of EWM were vacuum-dredged by divers, removing 4,100 lbs. of bio-mass in a 20-day period during August and September. Because staff was unable to survey early enough for smaller infestations, no barrier placement occurred during the 2007 season in the CWMA.



Aerial survey photo taken 9-01-2007

AUDITOR'S SECTION



In addition to heavy recreational use, seasonal and full-time residential development continues to escalate along and around our waterways. The lakes and fisheries are among the area's greatest assets, so one of the top goals for the Inland Empire CWMA is to prevent the spread of Eurasian watermilfoil in North Idaho.

**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, 2007, and have issued our report thereon dated July 22, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiency described as item 2007-01 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 2007-01 to be a material weakness.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 those specified parties.

LeMaster & Daniels PLLC

Spokane, Washington
July 22, 2008

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

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

Compliance

We have audited the compliance of Kootenai County (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended September 30, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are 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 Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2007.

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
July 22, 2008

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007

Section I – Summary of Auditors’ Results

FINANCIAL STATEMENTS:

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) 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
- Significant deficiency(ies) 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

Name of Federal Program or Cluster

15.228

Wildland Urban Interface Community & Rural Fire Assistance

20.507

FTA Section 5307 Small Urbanized Area Grant

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, 2007**

Section II - Financial Statement Findings

Finding 2007-1 - Cash Account Reconciliation

Criteria

The County should have a policy that requires bank statements be reconciled, on a timely basis, to the appropriate general ledger accounts.

Condition:

Material Weakness

During our audit, we noted that bank statements were not reconciled, on a timely basis, to the appropriate general ledger accounts.

Effect

A cash reconciliation that reconciles from the bank balance to the general ledger balance should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors. Not reconciling the accounts on a monthly basis results in errors or other problems not being recognized and resolved.

Recommendation

If bank reconciliations are to serve as an effective control over the cash accounts, they require a joint effort between the County auditor and County treasurer to be sure that both departments reconcile to the general ledger. It will take a joint effort by both departments for this process to be effective. The County should develop and finalize a process that will insure that bank reconciliations are completed timely and thoroughly.

KOOTENAI COUNTY, IDAHO

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2007**

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Auditees' Section

Help control milfoil

- Use phosphorus-free lawn fertilizer: Phosphorus, which helps grow green luscious lawns, promotes weed-growth in lakes. Just leaving the last few yards of lawn near the lakeshore phosphorus-free isn't enough. Studies show that phosphorus reaches lake waters from all parts of a lakeshore lot. Fertilizers have three-number labels; the middle number indicates phosphorus content. The numbers 30-0-4 on a package of fertilizer indicates there is no phosphorus. Without doubt, phosphorus in lawn fertilizer is a major contributor to a lake's weed problem.
- Operate personal watercraft responsibly: Don't drive through or near milfoil, as it could chop the plant up and spread it.
- Create a greenbelt: Rather than maintain a lawn to the water's edge, consider allowing natural vegetation to grow in the last three to six feet leading to the lake. This will slow runoff before it enters the water, allowing sediments, excess nutrients, and other pollutants to settle out. For those lakes being treated with weevils, it gives a good habitat for them.
- Clean your boat before launching in any lake: In many lakes, Eurasian milfoil was spread to the lakes on a boat. It probably was nothing more than a fragment wound in a propeller or twisted onto the frame of a boat trailer. But once in the lake, in a matter of years, it had created thousands of plants.



Kootenai County Comprehensive Annual Financial Report - FY 2007

KOOTENAI COUNTY, IDAHO
 Schedule of Expenditures of Federal Awards
 As of September 30, 2007

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Pass-Through Award amount	2006-2007 expenditures
<u>U. S. DEPARTMENT of AGRICULTURE</u>				
Passed through Idaho State Superintendent of Public Instruction: School Breakfast - Lunch Program	10.553	RC-28-03	variable	\$ 65,893.56
Passed thru Idaho State Department of Agriculture/Inland Empire Cooperative Weed Management Area Eurasian Watermilfoil Control Program	10.664		300,992.00	263,007.54
				<u>328,901.10</u>
<u>U. S. DEPARTMENT of INTERIOR</u>				
Passed through Idaho Department of Lands Wildland Urban Interface Community & Rural Fire Assistance	15.228*	DAA010411	90,000.00	40,757.76
Passed through Idaho Department of Lands Wildland Urban Interface Community & Rural Fire Assistance	15.228*	LEPC & ID Dept of Lands MOU #NFP- SFA-HFT 2002: 03-SFA-04;03-SFA 17	1,583,222.00	237,403.98
				<u>282,161.74</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Programs: FY2005 Edward Byrne Memorial Justice Assistance Grant	16.738	2005-DJBX-0648	40,181.00	2,836.00
Passed through Idaho State Police BJAG Pre Trial Services Project	16.738	16BJAG1K	162,800.00	131,513.96
Passed through Idaho Department of Juvenile Corrections: Substance Abuse Project	16.540	05-AT11-01	30,857.00	6,175.00
JAIBG	16.523	04-JA11-03/05-JA11-03	55,367.00	24,470.86
Passed through Idaho Department of Health and Welfare: Domestic Violence Grant	16.576	KC217400/KC225700	34,515.00	18,130.29
				<u>183,126.11</u>
<u>U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>				
Passed through Idaho Department of Health and Welfare: Domestic Violence Grant	93.671	KC217400/KC225700	15,485.00	6,162.83
				<u>6,162.83</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
Passed through Idaho Department of Commerce Garwood Water Project	14.228	ICDBG 04-1-23-IM	100,000.00	19,255.00
CDA Homes Project	14.228	ICDBG 05-1-07-PF	500,000.00	25,000.00
				<u>44,255.00</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Programs: Airport Improvement Program	20.106	Major Program	various	339,459.77
FTA Section 5307 Small Urbanized Area Grant	20.507*	ID-90-X064-02/04/ID-90-X080-00	1,988,395.00	936,904.48
				<u>1,276,364.25</u>

continued

KOOTENAI COUNTY, IDAHO
 Schedule of Expenditures of Federal Awards
 As of September 30, 2007

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Identifying Number	Pass-Through Award amount	2006-2007 expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through State of Idaho Military Division:				
EMPG	97.042	2006-EM-E6-0020	50,476.33	50,476.33
Homeland Security - Equipment	16.007	SHSGPE (1)	818,534.72	1,925.82
Homeland Security - Equipment	97.004	2004-GE-T4-0034(2)	291,073.45	131,414.18
Homeland Security - Equipment	97.067	2005-GE-T5-0044(3)	367,392.41	145,748.00
Homeland Security - Planning	97.004	2004-GE-T4-0034	27,116.50	63.00
Homeland Security - Planning	97.067	2005-GE-T5-0044	22,763.65	3,206.23
Homeland Security - Citizens Corp	97.067	2005-GE-T5-0044	9,744.62	7,159.64
Homeland Security - Citizens Corp	97.067	2006-GE-T6-0030	17,219.56	304.00
Homeland Security - Training	97.004	2004-GE-T4-0034	32,289.52	183.34
Homeland Security - Exercise Specialist Grant	97.004	2004-GE-T4-0034	42,000.00	3,726.69
Homeland Security - Exercise Specialist Grant	97.067	2005-GE-T5-0044	58,398.01	57,013.22
Homeland Security - LETPP	97.004	2004-GE-T4-0034(2)	116,221.96	9.27
Homeland Security - LETPP	97.067	2005-GE-T5-0044	100,577.88	98,063.43
Homeland Security - Exercises	97.067	2004-GE-T4-0034	32,289.52	61.40
Homeland Security - NIM/NRP	97.067	2006-GE-T6-0030	29,787.23	1,000.00
Passed through State Department of Parks & Rec				
Boater Safety Financial Assistance	97.012		90,534.10	90,534.10
				59,888.65
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 2,711,859.68

*** Major Federal Program**

- (1) 2003 Homeland Security Grant Program - Equipment Award is a pass through from the State of Idaho Military Division. Total Grant Award Part I was for \$253,333; Part II \$477,608; Part III \$87,593.72. Total Award \$818,534.72. Only \$151,490.07 was budgeted for Kootenai County.
- (2) 2004 Homeland Security Grant Program - Equipment Award is a pass through from the Sate of Idaho Military Division. Total Grant Award for Equipment Total - \$291,073. Only \$173,815.19 was budgeted for Kootenai County entities the remaining amounts were awarded to fire districts and cities. The total award for the LETPP is \$116,221.96. Only \$1,452.77 was budgeted for Kootenai County M&A the remaining equipment award were for fire districts and cities.
- (3) 2005 Homeland Security Grant Program - Equipment Award is a pass through from the Sate of Idaho Military Division. Total Grant Award for Equipment Total - \$367,392.41. Only \$148,748.36 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, 2007

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, 2007

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 2007-01 - CASH ACCOUNT RECONCILIATION):

We concur with the recommendation made by our auditors and are taking significant steps that should resolve the matter. The three steps that are being taken are: 1) implement a new financial system with a bank reconciliation module that will be utilized to keep the financial records in sync between departments; 2) increase the credibility of the reconciliation steps for audit purposes assuring a solid understanding of the processes that are being adopted and utilized to address this issue; and 3) each department will review the reconciliation of the other, confirming the results and resolving any exceptions that may exist. This process will provide timely and thorough reconciliations to assure the accuracy of the financial operations of the County.

KOOTENAI COUNTY, IDAHO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2007

Findings from the Year Ended September 30, 2006

Finding 06-01 — Lack of Segregation of Duties

This finding has been resolved in the current year.

KOOTENAI COUNTY, IDAHO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2007

Findings from the Year Ended September 30, 2005, and Prior

All matters have been resolved.