

# Kootenai County Idaho



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended September 30, 2011**  
**Clifford T. Hayes ~ Auditor**





# KOOTENAI COUNTY, IDAHO

## Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2011

Clifford T. Hayes  
County Auditor

Prepared by the Office of the County Auditor

# KOOTENAI COUNTY, IDAHO

## Office of the County Auditor

David R. McDowell  
Finance Director

Pat Raffee  
Chief Deputy Clerk

### **ACKNOWLEDGMENTS:**

#### Staff Accountants

Willeen Corey  
Kim Stevenson  
Keith Taylor  
Randi Bain

#### Accounting Staff

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

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# Introductory Section

Over 240,000,000 pounds of trash is buried at the County landfill each year. As this mountain of trash decomposes, methane gas is produced. This is a highly flammable gas and is typically burned at high temperatures to prevent air pollution. Until recent improvements in engine modifications to allow using methane gas to power an engine, burning was the most economical means of disposing of methane.



Kootenai County has partnered with Kootenai Electric Cooperative to build a waste-to-energy plant that will turn wasted energy into electricity for over a 1,000 homes and eventually 3,000 homes as the plant is expanded.

This project has been in the planning stages for some time, but is now a reality. Generating funds through waste-to-energy is smart long term business planning that will ultimately save the taxpayers of Kootenai County hundreds of thousands if not millions of dollars in waste disposal.



# 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, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director





OFFICE OF THE  
KOOTENAI COUNTY CLERK

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**CLIFFORD T. HAYES**  
AUDITOR  
ELECTIONS  
CLERK OF THE  
DISTRICT COURT  
COUNTY ASSISTANCE  
RECORDER

March 28, 2012

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, 2011. 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 CliftonLarsonAllen LLP, (formerly LarsonAllen LLP) was selected to perform the audit with the approval of the Board of County Commissioners. CliftonLarsonAllen, LLP has issued an unqualified opinion on Kootenai County's financial statements; their report can be found on page 9 following the Financial Section of this report.

GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, requires that management provide a narrative introduction, overview, and analysis of the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A is located on page 13 "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 143.

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 139,000. The largest city and county seat is Coeur d'Alene. Nearby population centers include Spokane and Spokane Valley, Washington, thirty miles to the west, and Missoula, Montana 150 miles to the east, with populations of approximately 299,000 and 67,000 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 Comprehensive Annual Financial Report - FY 2011

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Kootenai County provides a full range of government services. These include police protection, judicial systems, detention facilities, 9-1-1 service, health and social services, a regional airport, emergency management, noxious weed control, parks and recreation (including bicycling, boating, and snowmobile facilities), as well as cultural and historical society support. The County also provides general services such as planning and zoning, code enforcement, driver and vehicle licensing, managing federal, state, and local elections, recording of deeds and legal documents and administration of the tax system. The collection and distribution of property tax for all taxing districts within the county is also managed by Kootenai County. The districts include cities, highway districts, fire districts, school districts, North Idaho Community College, Kootenai Medical Center, and Urban Renewal Districts (URDs). The County has also provided for the disposal of solid waste through the development and maintenance of two solid waste transfer stations and a 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 and Casino, 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. The new gas-to-energy collection system at the solid waste landfill project is still in the process of completion and is anticipated to conclude early in the next fiscal cycle.

The population growth rate in Kootenai County has fallen in line with the State-wide population increase of 1.1%. The regional economic picture continues to stabilize in certain sectors in 2011 after similar trends throughout 2010. The construction market is still stagnating as indicated by building permit application activity and the related valuations which remain at 2009 levels. However, hospitality, light industry, and retail markets continue show signs of growth over the prior two years. Unemployment within the county while still high at 9.3% has moved into single digits for the first time in three years. Projections indicate that Idaho has adjusted to the new economic realities with major revenue streams after being deeply impacted over the past couple of years and has started to show positive signs which will translate into more stable State support for all local governments.

Kootenai County remains in sound financial condition at the conclusion of fiscal year 2011 as an ongoing commitment to conservative budgeting processes has lessened the impact of the economic down turn over the last several years. 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 Board is still evaluating alternatives to alleviate jail overcrowding which is currently being addressed by shipping inmates to surrounding facilities with available capacity - at a great cost (\$781,659 for 2011) to taxpayers.

### ***Major Initiatives***

The major accomplishments and events of the County during 2011 included staffing restructuring and continued facilities improvement. Several goals were met during fiscal year 2011. These include:

1. Kootenai County Board of Commissioners has gone through an extensive staffing review of their departments which has resulted in the reduction of 19 positions. The reductions are scattered over several departments supervised by the Board.
2. Space previously being reserved for future court expansion at the public safety campus was converted into office space for the Sheriff's detective staff. Office overcrowding due to growth in staffing has been an ongoing need of the department. This

accommodation will ease some of the issues as the new space provides the department with interview rooms, and appropriate office space.

3. The Juvenile Justice Center (JJC) opened during the fiscal year providing three additional court rooms and office space. The departments that are utilizing the office space are those that are directly tied to juvenile matters; Juvenile Probation, and Juvenile Diversion as well as the related court functions.
4. The final long-term debt obligation of the county originally scheduled to continue through May of 2018 was paid off the last day of the fiscal year. The \$407,613 payment concluded the debt service for the office space currently being occupied by the Public Defender's Office, and eliminates the annual debt service of \$77,724.

### ***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 2011. These include:

1. 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 functional organization.
2. 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.
3. Continuing planning and development of the airport to accommodate additional economic development and growth with a focus on a self sustaining operation without property tax support.
4. Continuing long-range planning and development of the existing landfill location to maximize the potential life of the existing site which was originally scheduled to close in 2014, but has now been extended through 2040 under the revised footprint which has been permitted with the State.
5. Establishing ordinances and codes that implement and support the guidelines developed in the County's Comprehensive Plan Report.
6. Developing new methods for communicating county business, processes and information to our citizens such as the online accounts payable reports implemented by the County Clerk.

### ***Cash Management & Investment***

Cash temporarily idle during the year was invested in time certificates of deposit or in the Idaho State Local Government Investment Pool. Interest revenue of \$335,076 was recognized in fiscal year 2011; reported on page 30 in the Government-Wide Statement of Activities. Of this amount, \$95,237 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, 2011, 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, 2010. 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 seventeen consecutive years (fiscal years 1994-2010). 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 Kim Stevenson, Keith Taylor, Willeen Corey, and Randi Bain, Accountants.

Sincerely,



Clifford T. Hayes

Kootenai County Auditor

## Elected Officials and Judges in Fiscal Year 2011



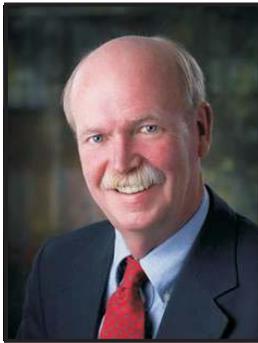
Todd Tondee  
Commissioner District #1



Jai Nelson  
Commissioner District #2



Dan Green  
Commissioner District #3



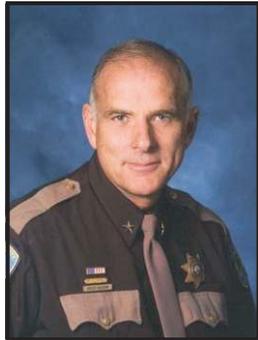
Clifford T. Hayes  
County Clerk



Tom Malzahn  
County Treasurer



Mike McDowell  
County Assessor



Rocky Watson  
County Sheriff



Barry McHugh  
County Prosecutor



Debbie Wilkey  
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  
Benjamin R. Simpson  
Scott Wayman  
Barry E. Watson  
James D. Stow  
Clark A. Peterson  
Robert Caldwell  
Penny Friedlander**

# KOOTENAI COUNTY, IDAHO ORGANIZATIONAL CHART October 2011

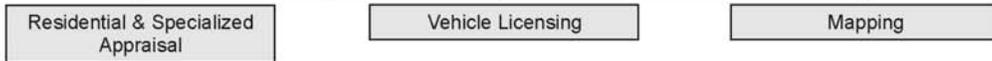
## VOTERS

### BOARD OF COUNTY COMMISSIONERS



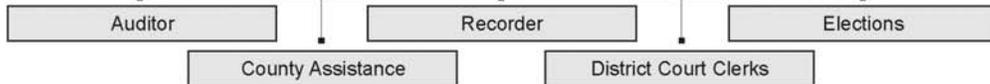
## ASSESSOR

### Chief Deputy



## CLERK

### Chief Deputy



## CORONER

### Chief Deputy



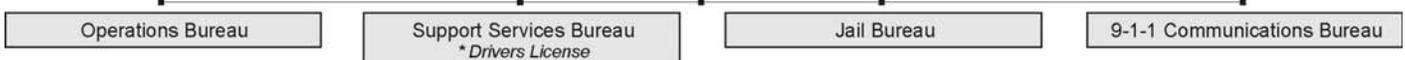
## PROSECUTING ATTORNEY

### Chief Deputy



## SHERIFF

### Undersheriff



## TREASURER

### Chief Deputy



# Financial Section

## Fighting Creek Landfill

The Fighting Creek Landfill located south of Coeur d'Alene is a sanitary landfill. With the addition of the Kootenai Electric Gas to Energy plant the Kootenai County landfill is now on the cutting edge of solid waste technology.

A sanitary landfill is designed to keep waste separated from the environment until it is completely degraded biologically, chemically and physically, and is no longer capable of damaging the environment. There are four basic criteria that must be met in order to be considered a sanitary landfill.







CliftonLarsonAllen

CliftonLarsonAllen LLP  
www.cliftonlarsonallen.com

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kootenai County, Idaho (the County), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County's discretely presented component units - North Idaho Fair & Rodeo as of and for the year ended December 31, 2010 and Kootenai County Emergency Medical Services System as of and for the year ended September 30, 2011 - which are included in the County's 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion based on our audit 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, and the respective financial position of the County's discretely presented component units - North Idaho Fair & Rodeo as of December 31, 2010 and Kootenai County Emergency Medical Services System as of September 30, 2011 - and the respective changes in their financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012, 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 25 and 67 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary 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, *Audit 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As discussed in Note 1D, the County changed its method for reporting fund balance in connection with the adoption of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the fiscal year September 30, 2011.



CliftonLarsonAllen LLP

Spokane, Washington  
March 28, 2012

# Management's Discussion and Analysis

## Hydrogeological Isolation

The landfill must be designed to isolate leachate (landfill runoff) from surrounding soil and surface and ground water. At Fighting Creek this is achieved by using a geo-textile which lines the entire footprint of the landfill. Underneath and within this liner is a series of pipes designed to capture the leachate and direct it to the storage ponds. From the storage ponds the leachate is sent to an evaporator which uses methane, also produced by the landfill, to burn off and evaporate the leachate. The landfill is also engineered to keep run off from precipitation separate. The slope and engineering of the landfill, along with dedicated fresh water ditches, direct clean runoff away from water that comes into contact with the garbage and is therefore considered contaminated.





**KOOTENAI COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2011**  
**(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, 2011. 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 2011 are as follows:

At the end of the current year, the County's combined governmental and business activities reported an ending net asset balance of \$126, 977 thousand. Of this amount, \$43,488 thousand is available for spending (unrestricted net asset balance) on behalf of its citizens.

At the end of the current year, unrestricted net assets from Government activity was \$27,311 thousand, which represents a 11.8% increase over the prior year and represents 42.6% of the total Governmental activity outlay. The increase is primarily attributable to fewer restricted net assets from third parties at year end 2011 compared to 2010.

The County has changed its fiscal philosophy to utilize more of the existing resources available to the county rather than levying additional property taxes. Overall the stance is to continue controlling costs, and rigorously review the use of restricted funds to improve the operations of the eligible departments. Operating outlays were under budget by \$2,890 thousand or 4.2% compared to the 2011 budget due to decreased personnel and service expenses. Additionally, capital outlays were under budget compared to budget. The residual appropriations for the recurring incomplete computer project will carry over into Fiscal Year 2012.

The county paid off all debt during Fiscal Year 2011 which significantly strengthens its balance sheet position. The County Commissioners authorized the payment of the remaining debt which had a principal balance of \$508 thousand as of October 1, 2010. The vast majority of debt was related to a capital building lease which was paid off six years early saving the County \$55 thousand in future interest expense.

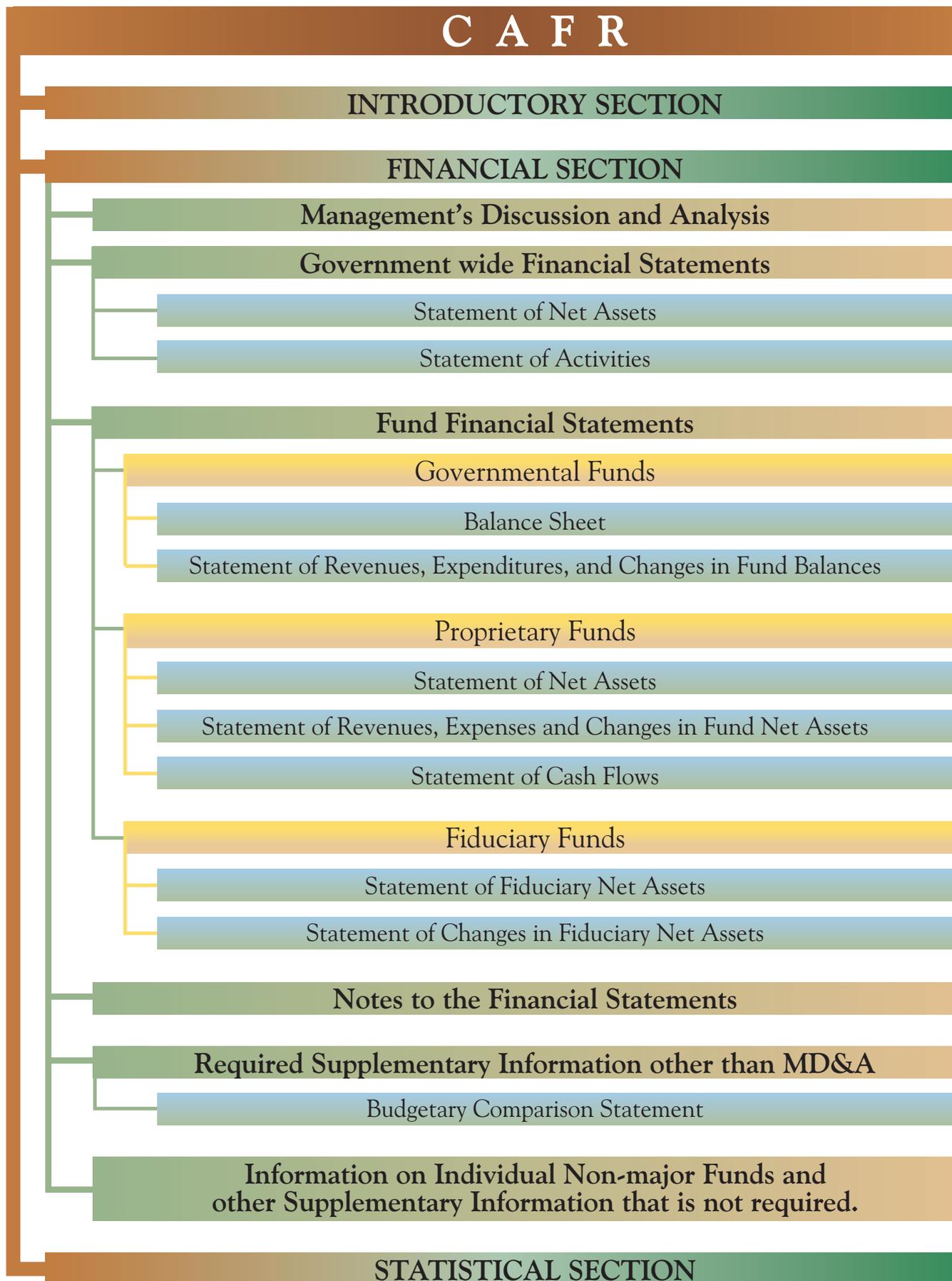
Net justice activities were under the budget target for the fiscal year coming in \$284 thousand less than the amount planned for expenditures. Personnel costs were significantly under budget again this year (\$720 thousand), but were significantly offset by overages in the operating expense lines (\$436 thousand).

**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.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

### Statement of Net Assets and Statement of Activities

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The statement of activities presents information showing how the County's net assets changed during the current year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net assets is important because it tells the reader whether 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.

*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. The County's governmental funds include the General Fund, Justice Fund, Airport Fund, Indigent Fund, Parks, Revaluation, Liability Insurance, and Sales Tax. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Supplementary Information.

*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.

*Other Fund Financial Statement Information* - the following sections provide financial statement users further information regarding fund financial reporting:

**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.

**Required Supplementary 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 2010 and 2011:

	Kootenai County's Net Assets (amounts in 000)						
	Governmental Activities		Business-type Activities		Total		Total % Change
	2010	2011	2010	2011	2010	2011	2010-2011
Current and other assets	\$ 78,103	\$ 77,409	\$ 21,988	\$ 25,371	\$ 100,091	\$ 102,780	2.7%
Capital assets	50,745	51,342	28,905	26,800	79,650	78,142	-1.9%
Total assets	128,848	128,751	50,893	52,171	179,741	180,922	0.7%
Long-term debt outstanding	508	-	-	-	508	-	-100.0%
Other liabilities	46,933	46,511	7,040	7,434	53,973	53,945	-0.1%
Total liabilities	47,441	46,511	7,040	7,434	54,481	53,945	-1.0%
Net assets							
Invested in capital assets, net of related debt	50,237	51,342	28,905	26,800	79,142	78,142	-1.3%
Restricted	6,739	3,587	2,733	1,800	9,472	5,387	-43.1%
Unrestricted	24,431	27,311	12,215	16,137	36,646	43,448	18.6%
<b>Total net assets</b>	<b>\$ 81,407</b>	<b>\$ 82,240</b>	<b>\$ 43,853</b>	<b>\$ 44,737</b>	<b>\$ 125,260</b>	<b>\$ 126,977</b>	<b>1.4%</b>

The required treatment of property taxes has had a significant impact upon the county financial statements, increasing both the current assets and related current liabilities for the subsequent year's property tax by \$38,616 thousand. As noted earlier, the County's net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. In this case, the Primary Government's assets exceeded liabilities by \$126,977 thousand (\$82,240 thousand in governmental activities and \$44,737 thousand in business activities) as of September 30, 2011. 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 the capital assets which totals \$78,142 thousand, 61.5% of the County's net assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Since the County has no outstanding debt, all reported investment in capital assets are wholly owned by the County and require no current resources to fund future debt obligations. This improves the overall liquidity of the County's financial position and allows additional resources to be used on citizen services versus debt service.

A portion of Kootenai County's Primary Government's net assets, \$5,387 thousand or 4.2% represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets, \$43,448 thousand or 29.3% may be used to meet the county's ongoing obligations to citizens and creditors.

# Kootenai County Comprehensive Annual Financial Report - FY 2011

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

Table 2, shows the changes in net assets for 2010 and 2011:

Changes in Kootenai County's Net Assets as of September 30, 2010 and 2011 (amounts in 000)							
	Governmental Activities		Business-type Activities		Total		Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 16,967	\$ 17,639	\$ 10,593	\$ 10,597	\$ 27,560	\$ 28,236	2.5%
Federal grants	4,052	3,635	-	-	4,052	3,506	-13.5%
State grants	323	791	-	-	323	920	184.8%
General revenues							
Property taxes	41,574	40,537	-	-	41,574	40,537	-2.5%
Other	1,218	1,167	457	526	1,675	1,693	1.1%
<b>Total revenues</b>	<b>64,134</b>	<b>63,769</b>	<b>11,050</b>	<b>11,123</b>	<b>75,184</b>	<b>74,892</b>	<b>-0.4%</b>
<b>Expenses</b>							
General government	21,622	22,104	-	-	21,622	22,104	2.2%
Public works	2,032	2,131	-	-	2,032	2,131	4.9%
Public safety	31,174	34,056	-	-	31,174	34,056	9.2%
Sanitation weed control	446	428	-	-	446	428	-4.0%
Health and welfare	4,929	4,020	-	-	4,929	4,020	-18.4%
Culture and recreation	796	950	-	-	796	950	19.3%
Interest on long term debt	30	23	-	-	30	23	-23.3%
Solid waste	-	-	8,778	9,440	8,778	9,440	7.5%
<b>Total expenses</b>	<b>61,029</b>	<b>63,712</b>	<b>8,778</b>	<b>9,440</b>	<b>69,807</b>	<b>73,152</b>	<b>4.8%</b>
Excess before special items and transfers	3,105	57	2,272	1,683	5,377	1,740	-67.6%
Gain (loss) on sale of assets	(11)	(41)	15	17	4	(24)	0.0%
Transfers In (out)	522	816	(522)	(816)	0	0	0.0%
<b>Increase net assets</b>	<b>\$ 3,616</b>	<b>\$ 832</b>	<b>\$ 1,765</b>	<b>\$ 884</b>	<b>\$ 5,381</b>	<b>\$ 1,716</b>	<b>-68.1%</b>

## Governmental Activities

Charges for services program revenues increase overall by \$676 thousand, or 2.5% for the current year, with most of the increase attributable to Governmental operations. Charges for services are the County's second largest sources of revenue next to property tax revenue, accounting for \$17,639 thousand or 27.2% of total governmental revenues. These charges are fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

The County's grant revenues from Federal and State sources made up \$4,426 thousand or 6.9% of total governmental revenues. The major recipients of intergovernmental program revenues were Public Transportation, 9-1-1 Emergency Communications system, Coeur d'Alene Airport, and Justice Services.

Property tax revenues in the governmental funds account for \$40,537 thousand of the \$63,769 thousand total revenues for governmental activities, or 63.5% of total revenues, and the general government property tax revenues decreased by \$1,037 thousand or 2.5% from the prior year. Property tax collections decreased in the current year as fewer total delinquent property taxes were collected in 2011 compared to 2010.

The Sheriff's Jail program accounted for \$9,670 thousand of the \$63,712 thousand total expenses for governmental activities, or 15.1%. The next largest program was Sheriff's Patrol, accounting for \$6,322 thousand and representing 9.9% of total governmental expenses.

Revenue from Federal grants has decreased by \$417 thousand to \$3,635 thousand as the County received less funding from the Federal Transportation Administration than the prior year for the Citilink transportation program. Grant funds increased from both the Department of Justice, and the Federal Aviation Administration for Airport Improvement Grants. State grant revenue increased from 2010 by \$468 thousand supporting Office of Emergency Management, Waterways Construction, and Justice Fund projects and grants.

Table 3, for governmental activities, reports the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the direct program revenues including charges for services, sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services that are supported by tax revenues and unrestricted intergovernmental revenues.

Net Cost of Kootenai County's Governmental Activities  
as of September 30, 2010 and 2011  
(amounts in 000)

	Total Cost of Services		Percentage Change	Net Cost of Service		Percentage Change
	2010	2011	2010-2011	2010	2011	2010-2011
General government	\$ 21,622	22,097	2.2%	\$ 11,632	\$ 12,816	10.2%
Public works	2,032	2,131	4.9%	1,416	1,186	-16.2%
Public safety	31,174	34,056	9.2%	21,097	23,126	9.6%
Sanitation weed control	446	428	-4.0%	273	250	-8.4%
Health and welfare	2,929	4,020	37.2%	4,929	4,020	-18.4%
Culture and recreation	796	950	19.3%	310	226	-27.1%
Other	30	30	0.0%	30	23	-23.3%
<b>Total</b>	<b>\$ 59,029</b>	<b>\$ 63,712</b>	<b>7.9%</b>	<b>\$ 39,687</b>	<b>\$ 41,647</b>	<b>4.9%</b>

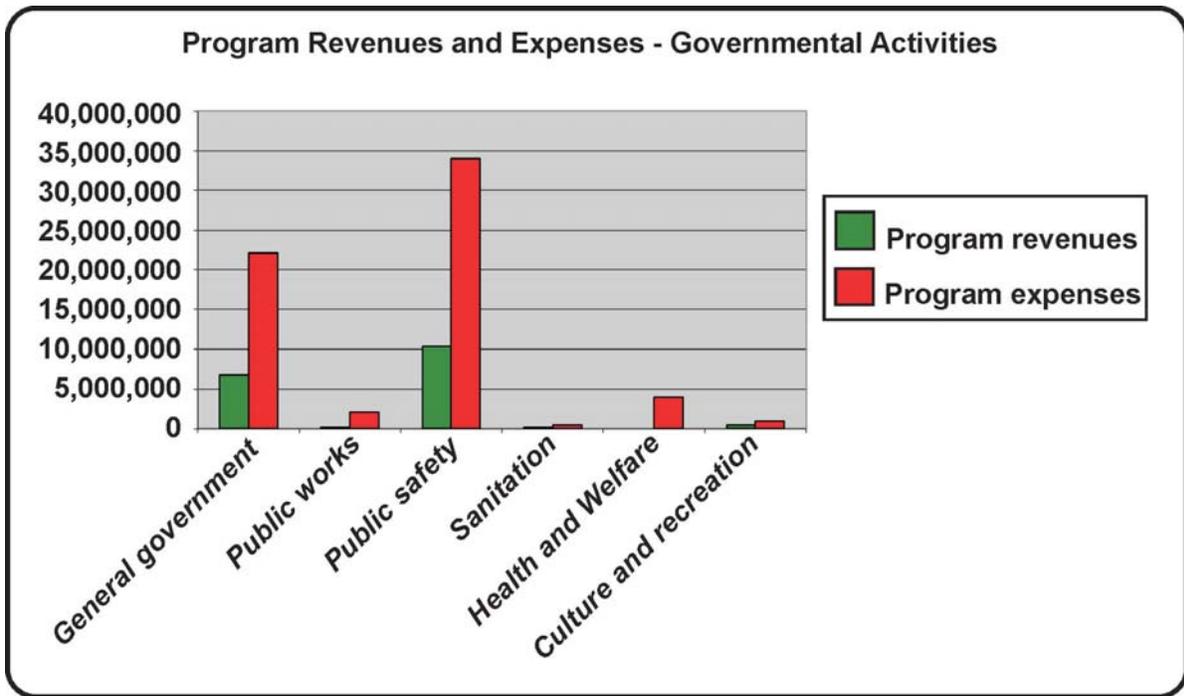
The general government's total cost of services has increased by \$482 thousand, or 2.2% compared to the prior year. This increase in costs is a result of Office of Emergency grant programs which are reimbursed by the State of Idaho. Net cost of services for General Government increased by \$1,184 thousand or 10.2% due to a smaller portion of expenses being offset by grant revenues. This requires that the county fund a greater portion of net costs with unrestricted net assets or property tax revenue.

Public Safety cost of services of \$34,056 thousand make up 53.4% of the total cost of services which is the largest portion of County expenditure classifications. Total Public Safety costs increased \$2,882 thousand, or 9.2% from the prior year due to higher expenses from Sheriff operations, Juvenile Probation purchases, and Emergency Management Service contract costs. Public Safety net cost of services increased \$2,029 thousand from the prior year as revenue from charges for services and grants helped offset significant cost increases.

These governmental activities are funded by property taxes and intergovernmental revenues. Tax revenues decreased \$1,037 from the prior year to \$40,537 thousand in 2011. Also, charges for services, operating grant programs, and capital grant revenues totaling \$22,065 thousand (34.6% of the total costs of services) are used to fund the County's general government expenses. Combined operational and capital grant/project revenues remained consistent from 2010, increasing \$51 thousand to \$4,426 thousand in 2011.

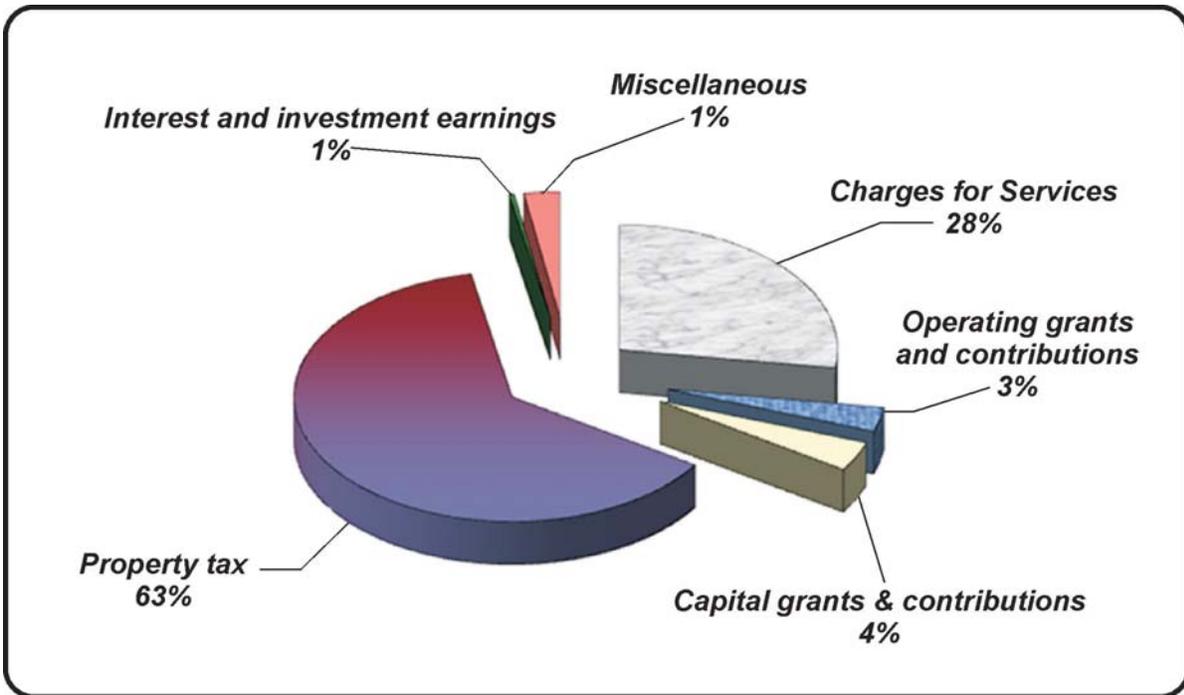
**Figure 1: Program Revenues and Expenses - Governmental Activities**

The figure below provides a graphical analysis of revenues and expenses by their functional classification



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

The figure below breaks out Kootenai County revenue for fiscal year 2011 as a percentage by category. See the related dollar value of each category on the Statement of Activities on pages 30 and 31.



**Business-Type Activities**

The net assets for business-type activities increased by \$884 thousand during 2011, accounting for a 51.5% overall change in the primary government net assets. The Business-type major revenue source is charges for services of \$10,597 thousand for 2011. (See figure 2)

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

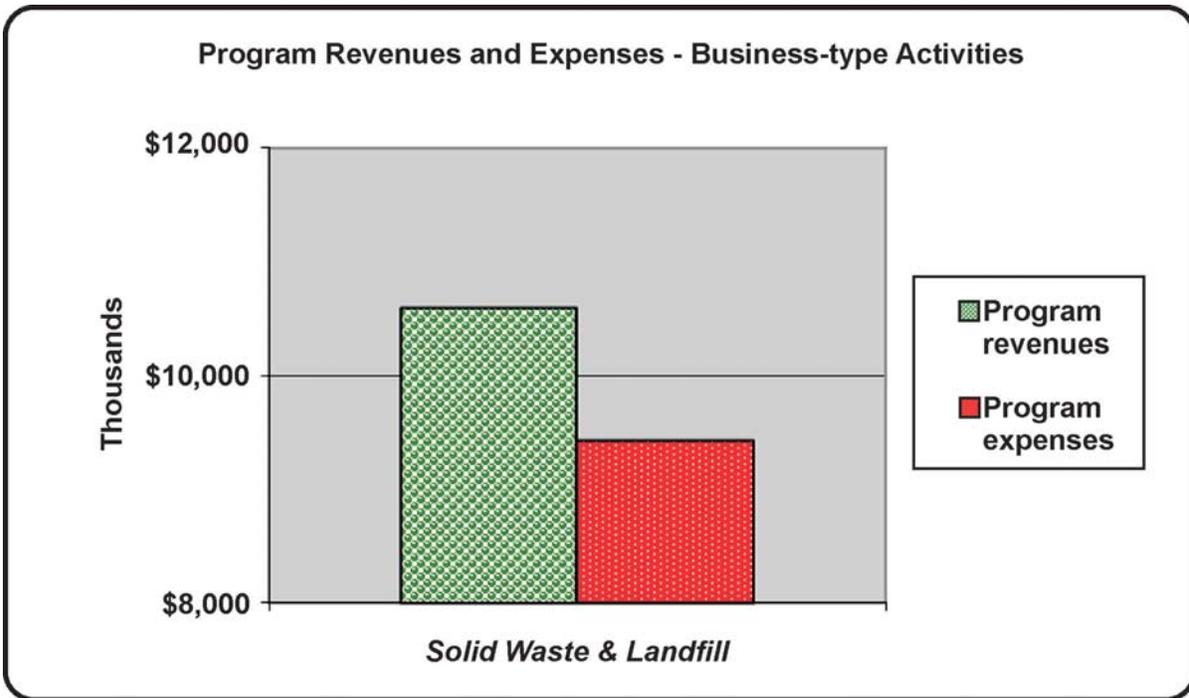
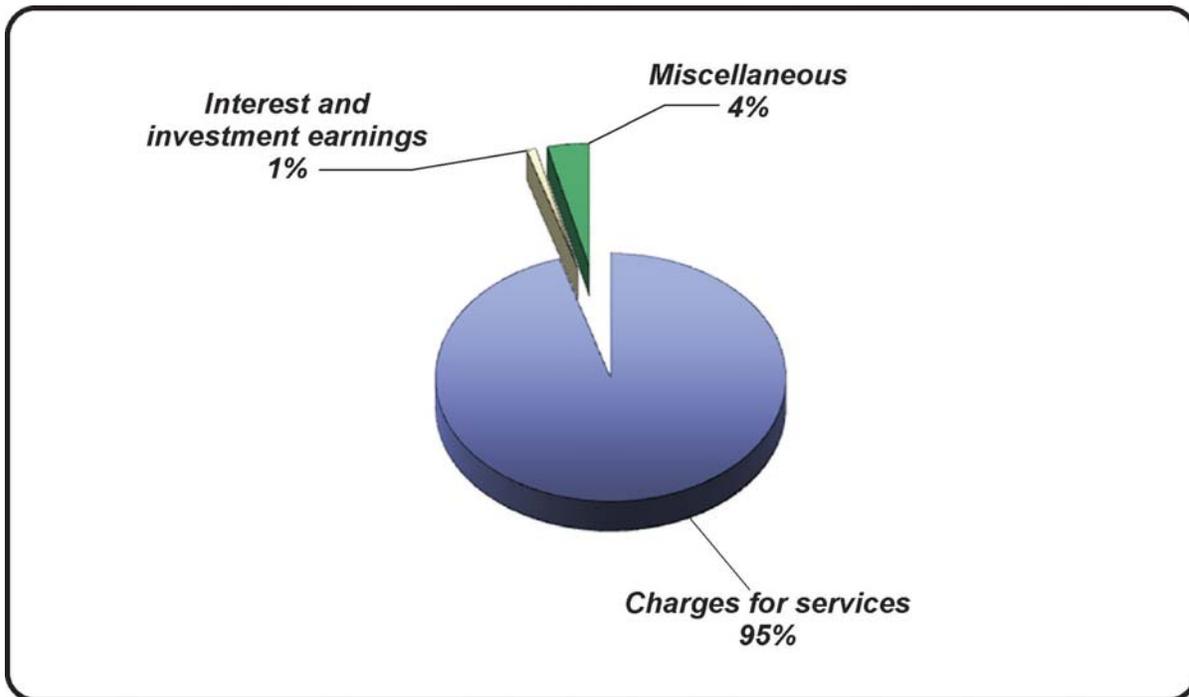


Figure 3: Revenues by Source - Business-type Activities



The accumulated net assets of the Business-Type Activities, which consists of Solid Waste Enterprise Fund, will provide the funding necessary for planned capital activities. While there were no significant capital project expenditures in fiscal year 2011, net assets have provided the resources over the prior two years for large scale projects such as the Prairie Transfer station as well as the expansion of the Fighting Creek Landfill. Investments in these projects allow refuse to be processed locally at a significantly lower cost per ton than shipping to landfills outside the County. Additionally, these projects and future projects are paid for through current assets of Solid Waste which eliminates additional finance costs for these activities. These cost saving and finance strategies help prevent large fee increases to businesses and citizens utilizing Solid Waste services.

### 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, unassigned 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, 2011, the County's governmental funds reported a combined ending fund balance of \$32,156 thousand, an increase of \$440 thousand in comparison with the prior year. Approximately 62.7% of this total or \$20,150 thousand constitutes unassigned fund balance, which is available for spending at the County's discretion. The remaining \$12,006 thousand, or 37.3%, of fund balance is reserved for dedicated purposes in one of four new fund balance categories: Assigned, Committed, Restricted, and Nonspendable. Each of these new categories are described in detail in the financial statement notes on page 51.

The General Fund is the primary operating Fund of the County and includes justice services such as Sheriff Patrol and Jail operations. The General Fund is responsible for maintaining unassigned fund balance totaling \$20,150 thousand at the end of 2011, while total fund balance was \$28,334 thousand. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total General Government expenditures of \$42,403 thousand. Unassigned fund balance represents 40.7% of total General Fund expenditures, while total fund balance represents 60.2% of that same amount.

The County's General Fund balance has increased by \$385 thousand or 1.3% during fiscal year 2011. This small increase was realized despite higher than anticipated outflows from public assistance claims and retirement of capital lease debt. These unanticipated costs were offset by reducing other general fund expenditures below budgeted amounts. Intergovernmental revenues exceeded budget by \$1,399 thousand or 18.5% which also offset unanticipated costs. Major sources of intergovernmental revenue include State sales tax disbursements, State revenue sharing, and Federal grants administered through General Fund programs.

#### **Enterprise Funds**

The County's enterprise funds provide the same type of information found in the government-wide financial statements, with more information regarding changes between years. Unrestricted net assets of the Solid Waste Fund at September 30, 2011, were \$16,137 thousand, compared to \$12,215 thousand in 2010. This \$3,922 thousand increase between years resulted from significant cost savings in completing the first stage of the East cell expansion of the Fighting Creek landfill which significantly decreased year end restrictions on net assets. Total net assets increased by \$884 thousand as a result of operations, which included the first full-year depreciation expense of the new Prairie Transfer Station as well as other capital improvement projects completed in prior years.

**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 increase in expenditures of \$3,460 thousand. The majority of the increase in the budget reflects the increase in the capital projects activity during the year and was appropriated through fund balance reserves.

**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, 2011, amounts to \$78,141 thousand (net of depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress. (See Table 4, following). The net decrease in the county's investment in capital assets for the current fiscal year (including depreciation, additions and deductions) was \$1,000 thousand (a 2.2% increase for governmental activities and a 7.2% decrease for business type activities).

Table: 4

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
Land	\$ 5,207	\$ 5,417	\$ 1,658	\$ 1,658	\$ 6,865	\$ 7,075	3.1%
Buildings	22,233	20,991	266	239	22,499	21,230	-5.6%
Improvements other than Buildings	10,840	9,684	1,063	976	11,903	10,660	-10.4%
Machinery and Equipment	5,493	6,138	3,085	3,060	8,578	9,198	7.2%
Transfer Stations			15,267	14,504	15,267	14,504	-5.0%
Landfill			2,333	6,306	2,333	6,306	170.3%
Construction in Progress	6,972	9,112	5,233	57	12,205	9,169	-24.9%
<b>Total</b>	<b>\$ 50,745</b>	<b>\$ 51,342</b>	<b>\$ 28,905</b>	<b>\$ 26,800</b>	<b>\$ 79,650</b>	<b>\$ 78,142</b>	<b>-1.89%</b>

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

- ◆ On-going improvements to the Juvenile Justice Center totaled \$195 thousand.
- ◆ Current fiscal year expenditures for additional improvements to the infrastructure at the Airport are \$678 thousand. Of that cost, \$213 thousand is attributable to the construction of a new ARFF (Aircraft Rescue and Fire Fighting) building, \$72 on the overlay of Runway 119 and a rehabilitation of Taxiway D, \$232 thousand on Master Plan Airport study work, \$109 thousand for the relocation of an access road, fencing and gate installation, as well as continued Airport infrastructure improvements of \$20 thousand.
- ◆ The Sheriff's Department purchased ten new fully equipped patrol vehicles, which include radio, radar patrol system, light bar and mobile data computer; for a total expenditure of \$550 thousand.
- ◆ A FTA (Federal Transportation Authority) ARRA grant which will fund the purchase of four buses for the Citilink community transportation system, \$499 thousand had been expended in the current fiscal year.
- ◆ The Solid Waste Department had additional construction for the new Prairie Transfer Station and Fighting Creek Landfill totaling \$56 thousand. Land purchases are not a significant event for the Solid Waste Department for fiscal year 2011. The Solid Waste department capital asset replacement plan called for equipment and vehicle replacements in the amount of \$530 thousand, with the most significant purchase being a Track Loader/ Fuel Truck for \$225 thousand.

Additional information on Kootenai County's capital assets can be found in Note 5 (Capital Assets) to the financial statements for fiscal year 2011.

# Kootenai County Comprehensive Annual Financial Report - FY 2011

**Long-Term Debt** – At September 30, 2011, the County had no outstanding debt. The County's long-term debt decreased by \$508 thousand or 100% during fiscal year 2011.

	Kootenai County's Outstanding Debt (amounts in 000)		
	Governmental Activities		Total Percentage Change
	2010	2011	2010-2011
Equipment leases	\$ 46	\$ -	100%
Facility leases	462	-	100%
<b>Total</b>	<b>\$ 508</b>	<b>\$ -</b>	<b>100%</b>

Beyond the capital related debt listed above, the County's long-term obligations include compensated absences and landfill 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's economic picture has slowed dramatically over the last four years, and is now more in line with the State and Federal economy as a whole. Under current projections and trends, economic activity will continue to be slow over the coming year. However, economists are predicting for expansion more in line with State and National economic levels as the housing and employment markets improve.

The population growth rate within Kootenai County has leveled off over the past two years (2009-2010), after experiencing a decade of sustained growth between 2.2% to 4.5% per year, compared with 1.7% to 2.6% statewide. The most recent population figure available for Kootenai County dated July 1, 2010 is 138,400 or 0.6% decrease from the previous year. This higher rate of sustained growth created a significant portion of the local employment market in the construction industry (8% locally, 1.2% Statewide). With the continued stagnation in the housing market, Kootenai County's unemployment rate remains higher at 9.8% compared to 8.5% State unemployment rate as of December 2011.

Relative demand in the local housing market during 2011 decreased both construction starts in the County as well as assessed land valuations. Residential building permits on new construction decreased from the prior year. However, the property value per permit rose by 9% showing positive signs of stabilization in the core residential market. Commercial permits remain low, in line with prior year levels. Assessed value for all property types in Kootenai County decreased from the prior year and now stands at a net taxable value of \$12.9 billion dollars this fiscal year.

The continued downturn in the real estate market has returned the longer-term trend line to be more in line with the 3% annual appreciation rate present from the mid 1990's. This has had a positive impact on the affordability of the area for new businesses and employees which had been significantly challenged over the previous five years. The employment base has an abundance of skilled and professional workers willing and eager to find employment which will continue to be very attractive to local employers and prospective businesses. The strong enrollment numbers at North Idaho College and other local branch campus universities continue to expand the employment base with a highly trained workforce.

Investment earnings remain low with the continuing suppressed federal funds rate over 2011. This limits the level of current county operations to be funded by interest earned on reserves. In the prior year, the State Legislature has passed 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 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 2012 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

## Formal Engineering Preparations

The landfill must be engineered and usually approved by local environmental control agencies such as DEQ and the EPA. Local geological and hydrogeological studies are made, and there is a waste disposal and final restoration plan.





**KOOTENAI COUNTY, IDAHO**  
**Statement of Net Assets**  
**September 30, 2011**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	North Idaho Fair & Rodeo Dec. 31, 2010	KCEMSS Sept. 30, 2011
<b>ASSETS</b>					
Cash and investments	\$ 33,781,275	\$ 17,558,661	\$ 51,339,936	\$ 261,052	\$ 2,660,814
Taxes current-receivable	38,616,232	-	38,616,232	-	-
Taxes delinquent-receivable	2,159,219	23,296	2,182,515	-	-
Accounts receivable, (net)	2,279,098	650,076	2,929,174	1,590	758,617
Interest receivable	5,126	2,310	7,436	-	-
Grants receivable	549,129	-	549,129	-	-
Inventories and prepaid expenses	19,426	-	19,426	-	133,766
Restricted assets:					
Cash held for closure and postclosure	-	7,137,453	7,137,453	-	-
Capital Assets:					
Land	5,416,814	1,657,532	7,074,346	-	403,990
Depreciable assets, (net)	36,741,218	25,085,949	61,827,167	1,763,503	1,112,959
Non-Depreciable other assets	71,503	-	71,503	-	-
Construction in progress	9,112,084	56,224	9,168,308	-	-
<b>Total Assets</b>	<b>\$ 128,751,124</b>	<b>\$ 52,171,501</b>	<b>\$ 180,922,625</b>	<b>\$ 2,026,145</b>	<b>\$ 5,070,146</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,633,643	\$ 399,448	\$ 2,033,091	\$ 2,252	\$ 51,459
Payroll and related liabilities	1,133,805	977	1,134,782	8,288	-
Deferred property tax revenues	38,616,232	-	38,616,232	-	-
Other accrued liabilities	159,595	23,296	182,891	19,489	40,113
Deferred revenues	934,508	170,058	1,104,566	-	-
Current portion of long term liabilities	131,369	6,452	137,821	-	-
Non-current liabilities:					
Due in more than one year	3,902,414	201,881	4,104,295	-	-
Landfill closure liability	-	6,632,000	6,632,000	-	-
<b>Total Liabilities</b>	<b>46,511,566</b>	<b>7,434,112</b>	<b>53,945,678</b>	<b>30,029</b>	<b>91,572</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	51,341,619	26,799,705	78,141,324	1,763,503	1,516,949
Restricted	3,586,527	1,800,351	5,386,878	-	1,480
Unrestricted :					
Governmental type activities	27,311,412	-	27,311,412	-	-
Business type activities	-	16,137,333	16,137,333	232,613	3,460,145
<b>Total Net Assets</b>	<b>82,239,558</b>	<b>44,737,389</b>	<b>126,976,947</b>	<b>1,996,116</b>	<b>4,978,574</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 128,751,124</b>	<b>\$ 52,171,501</b>	<b>\$ 180,922,625</b>	<b>\$ 2,026,145</b>	<b>\$ 5,070,146</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Statement of Activities**  
**For the Year Ended September 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants & contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 22,125,676	\$ 6,746,718	\$ 1,376,951	\$ 1,163,251
Public works	2,131,162	69,458	-	875,969
Public safety	34,056,189	10,371,415	452,321	106,157
Sanitation	428,591	60	178,112	-
Health and welfare	4,019,804	-	-	-
Culture and recreation	950,431	451,414	4,775	268,188
<b>Total governmental activities</b>	<b>63,711,853</b>	<b>17,639,065</b>	<b>2,012,159</b>	<b>2,413,565</b>
Business-type activities:				
Solid waste and landfill	9,439,258	10,597,104	-	-
<b>Total business-type activities</b>	<b>9,439,258</b>	<b>10,597,104</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 73,151,111</b>	<b>\$ 28,236,169</b>	<b>\$ 2,012,159</b>	<b>\$ 2,413,565</b>
<b>Component units:</b>				
County fair	\$ 1,041,006	\$ 864,915		
KCEMSS	5,662,473	3,734,153		
<b>Total component units</b>	<b>\$ 6,703,479</b>	<b>\$ 4,599,068</b>		

**General revenues:**

- Taxes:
  - Property taxes, levied for general purposes
  - Miscellaneous
  - Interest and investment earnings
  - Gain (Loss) on sale of assets/property

**Transfers**

**Total general revenues and transfers**

**Change in net assets**

**Net assets—beginning**

**Net assets—ending**

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

# Kootenai County Comprehensive Annual Financial Report - FY 2011

## Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total	Component Units	
			North Idaho Fair & Rodeo	KCEMSS
\$ (12,838,756)	\$ -	\$ (12,838,756)		
(1,185,735)	-	(1,185,735)		
(23,126,296)	-	(23,126,296)		
(250,419)	-	(250,419)		
(4,019,804)	-	(4,019,804)		
(226,054)	-	(226,054)		
(41,647,064)	-	(41,647,064)		
-	1,157,846	1,157,846		
-	1,157,846	1,157,846		
<b>(41,647,064)</b>	<b>1,157,846</b>	<b>(40,489,218)</b>		
			\$ (176,091)	\$ -
			-	(1,928,320)
			<b>(176,091)</b>	<b>(1,928,320)</b>
40,537,004	-	40,537,004	100,000	2,135,514
927,197	430,663	1,357,860	-	306,620
239,839	95,237	335,076	5,005	6,342
(40,822)	16,864	(23,958)	(23,065)	(5,946)
816,294	(816,294)	-	-	-
42,479,512	(273,530)	42,205,982	81,940	2,442,530
832,448	884,316	1,716,764	(94,151)	514,210
81,407,110	43,853,073	125,260,183	2,090,267	
<b>\$ 82,239,558</b>	<b>\$ 44,737,389</b>	<b>\$ 126,976,947</b>	<b>\$ 1,996,116</b>	<b>\$ 4,978,574</b>

**KOOTENAI COUNTY, IDAHO**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2011**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash in bank and investments	\$ 28,133,632	\$ 4,111,472	\$ 32,245,104
Taxes current	38,616,232	-	38,616,232
Taxes delinquent-receivable	1,701,585	457,634	2,159,219
Accounts receivable, (net)	1,993,371	210,427	2,203,798
Interest receivable	5,117	8	5,125
Grants receivable	135,350	414,337	549,687
Prepays	18,119	749	18,868
Due from other funds	133,150	-	133,150
<b>Total Assets</b>	<b>\$ 70,736,556</b>	<b>\$ 5,194,627</b>	<b>\$ 75,931,183</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 681,306	\$ 621,212	\$ 1,302,518
Payroll and related liabilities	1,132,718	1,237	1,133,955
Deferred revenues	785,610	273,145	1,058,755
Deferred grant revenues	10,917	8,666	19,583
Unearned property taxes	1,175,939	335,407	1,511,346
Deferred property taxes	38,616,232	-	38,616,232
Due to other funds	-	133,150	133,150
<b>Total Liabilities</b>	<b>42,402,722</b>	<b>1,372,817</b>	<b>43,775,539</b>
<b>Fund Balances:</b>			
Nonspendable	18,119	749	18,868
Restricted	1,087,366	2,499,161	3,586,527
Committed	7,078,421	1,321,900	8,400,321
Assigned	-	-	-
Unassigned	20,149,928	-	20,149,928
<b>Total Fund Balances</b>	<b>28,333,834</b>	<b>3,821,810</b>	<b>32,155,644</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 70,736,556</b>	<b>\$ 5,194,627</b>	<b>\$ 75,931,183</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**September 30, 2011**

Total governmental fund balances (page 32)	\$	32,155,644
Amounts reported for governmental activities in the statement of net assets (page 29) are different because:		
Some long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		(16,777)
The County's delinquent property tax revenue will be collected after year-end but is not available soon enough to pay for the current period's expenditures and therefore is deferred in the funds.		1,511,346
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:		51,341,619
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.		1,281,509
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	-	
Compensated Absences	4,033,783	
Total		(4,033,783)
<b>Total Net Assets of Governmental Activities as shown on the Statement of Net Assets:</b>	<b>\$</b>	<b>82,239,558</b>

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, 2011**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 32,783,203	\$ 8,386,196	\$ 41,169,399
Licenses and permits	1,301,774	141,328	1,443,102
Intergovernmental	8,957,695	3,169,859	12,127,554
Interest	239,548	290	239,838
Fines and forfeitures	312,199	964,509	1,276,708
Charges for services	6,003,358	529,302	6,532,660
Miscellaneous	526,270	1,073,958	1,600,228
<b>Total Revenues</b>	<b>50,124,047</b>	<b>14,265,442</b>	<b>64,389,489</b>
<b>Expenditures</b>			
Current:			
General government	18,491,657	2,790,930	21,282,587
Public works	-	736,833	736,833
Public safety	27,389,993	4,706,718	32,096,711
Sanitation	-	418,504	418,504
Health & welfare	314,998	3,706,329	4,021,327
Culture and recreation	-	759,364	759,364
Debt Service:			
Principal retirement	507,652	-	507,652
Interest Charge	23,013	-	23,013
Capital Outlay:			
Capital expenditures	1,771,990	988,173	2,760,163
Construction in progress	1,066,064	1,135,758	2,201,822
<b>Total Expenditures</b>	<b>49,565,367</b>	<b>15,242,609</b>	<b>64,807,976</b>
<b>Excess of Revenues Over (Under)</b>			
<b>Expenditures</b>	558,680	(977,167)	(418,487)
<b>Other Financing Sources (Uses)</b>			
Proceeds insurance	21,580	20,325	41,905
Transfers In	822,348	1,062,496	1,884,844
Transfers (out)	(1,017,500)	(51,050)	(1,068,550)
<b>Total Other Financing Sources (Uses)</b>	<b>(173,572)</b>	<b>1,031,771</b>	<b>858,199</b>
<b>Net Change in Fund Balances</b>	<b>385,108</b>	<b>54,604</b>	<b>439,712</b>
<b>Fund Balances Beginning of Year</b>	<b>27,948,726</b>	<b>3,767,206</b>	<b>31,715,932</b>
<b>Fund Balances End of Year</b>	<b>\$ 28,333,834</b>	<b>\$ 3,821,810</b>	<b>\$ 32,155,644</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2011**

Net change in fund balances - total governmental funds (page 34)	\$	439,712
Amounts reported for governmental activities in the statement of activities (pages 30 and 31) are different because:		
Some governmental fund revenues are deferred because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. Because of the availability criterion under the modified accrual basis of accounting the following delinquent property tax has been deferred.		
		(632,396)
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. (\$4,961,985 - \$4,316,153)		
		645,832
Loss on disposal of Capital Assets		
		(40,822)
Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the statement of activities but only proceeds from sales are reported in the government funds.		
		(8,073)
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.		
		507,652
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.		
		175,563
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.		
		(255,020)
<b>Total Change in Net Assets of Governmental Activities as shown on the Statement of Activities</b>		<b>\$ 832,448</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2011 and 2010**

	Business-type activity		Governmental-type activity	
	Solid Waste	Enterprise Fund	Health Insurance	Internal Service Fund
	2011	2010	2011	2010
<b>Assets</b>				
Current Assets:				
Cash and investments	\$ 17,558,661	\$ 14,410,216	\$ 1,536,171	\$ 2,018,986
Taxes delinquent-receivable	23,296	74,903	-	-
Accounts receivable, (net)	650,076	689,925	76,311	-
Interest receivable	2,310	9,120	-	-
Total Current Assets	18,234,343	15,184,164	1,612,482	2,018,986
Noncurrent Assets:				
Restricted Assets:				
Cash held for closure and post closure	7,137,453	6,803,887	-	-
Capital Assets:				
Land	1,657,532	1,657,532	-	-
Depreciable capital assets,	25,085,949	22,014,514	-	-
Construction in progress	56,224	5,232,876	-	-
Total Noncurrent Assets	33,937,158	35,708,809	-	-
<b>Total Assets</b>	<b>\$ 52,171,501</b>	<b>\$ 50,892,973</b>	<b>\$ 1,612,482</b>	<b>\$ 2,018,986</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	\$ 399,448	\$ 421,495	\$ 42,507	\$ 26,557
Payroll and other related liabilities	977	23,435	288,466	455,900
Other accrued liabilities	23,296	74,903	-	-
Deferred revenue	170,058	-	-	-
Due within one year	6,452	6,575	-	-
Total Current Liabilities	600,231	526,408	330,973	482,457
Long-Term Liabilities:				
Due in more than one year	201,881	203,492	-	-
Landfill closure liability	6,632,000	6,310,000	-	-
Total Long-Term Liabilities	6,833,881	6,513,492	-	-
Total Liabilities	7,434,112	7,039,900	330,973	482,457
<b>Net Assets</b>				
Invested in capital assets	26,799,705	28,904,922	-	-
Restricted for:				
Landfill closure designation	505,453	493,887	-	-
Capital appropriations carryover	1,294,898	2,239,173	-	-
Unrestricted	16,137,333	12,215,091	1,281,509	1,536,529
<b>Total Net Assets</b>	<b>44,737,389</b>	<b>43,853,073</b>	<b>1,281,509</b>	<b>1,536,529</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 52,171,501</b>	<b>\$ 50,892,973</b>	<b>\$ 1,612,482</b>	<b>\$ 2,018,986</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Years Ended September 30, 2011 and 2010**

	Business-type activity		Governmental-type activity	
	Solid Waste	Enterprise Fund	Health Insurance	Internal Service Fund
	2011	2010	2011	2010
<b>Operating Revenues</b>				
Charges for services	\$ 10,597,104	\$ 10,593,637	\$ 5,932,954	\$ 6,231,443
Miscellaneous	430,663	263,416	32,862	-
<b>Total Operating Revenues</b>	<b>11,027,767</b>	<b>10,857,053</b>	<b>5,965,816</b>	<b>6,231,443</b>
<b>Operating Expenses</b>				
Personnel services	2,868,533	2,906,547	8,206	12,313
Professional services	2,052,451	2,073,798	6,345,354	5,544,968
Utilities	139,178	122,203	-	-
Materials and supplies	739,191	644,493	-	-
Maintenance and repairs	175,232	238,631	-	-
Other services and expenses	161,307	182,077	-	-
Depreciation and amortization	2,981,366	2,140,736	-	-
Landfill closure and post closure expense (note 9)	322,000	470,000	-	-
<b>Total Operating Expenses</b>	<b>9,439,258</b>	<b>8,778,485</b>	<b>6,353,560</b>	<b>5,557,281</b>
<b>Operating Income</b>	<b>1,588,509</b>	<b>2,078,568</b>	<b>(387,744)</b>	<b>674,162</b>
<b>Non-Operating Revenues</b>				
Intergovernmental revenues	-	-	132,724	98,356
Interest and investment revenue	95,237	193,156	-	-
Gain on sale of assets	16,864	14,850	-	-
<b>Total Non-Operating Revenues</b>	<b>112,101</b>	<b>208,006</b>	<b>132,724</b>	<b>98,356</b>
<b>Income before Contributions and Transfers</b>	<b>1,700,610</b>	<b>2,286,574</b>	<b>(255,020)</b>	<b>772,518</b>
Transfers In	-	-	-	-
Transfers out	(816,294)	(521,631)	-	-
<b>Change in Net Assets</b>	<b>884,316</b>	<b>1,764,943</b>	<b>(255,020)</b>	<b>772,518</b>
<b>Net Assets Beginning of Year</b>	<b>43,853,073</b>	<b>42,088,130</b>	<b>1,536,529</b>	<b>764,011</b>
<b>Net Assets End of Year</b>	<b>\$ 44,737,389</b>	<b>\$ 43,853,073</b>	<b>\$ 1,281,509</b>	<b>\$ 1,536,529</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Years Ended September 30, 2011 and 2010**

	Business-type Activities - Enterprise Fund Solid Waste		Governmental Activities Internal Service Fund Health Insurance	
	2011	2010	2011	2010
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 10,688,560	\$ 10,681,242	\$ 5,889,505	\$ 6,233,390
Other cash receipts	430,663	263,416	-	-
Cash payments to employees	(2,944,332)	(3,155,430)	(8,206)	(12,313)
Cash payments for goods and services	(3,119,348)	(4,863,589)	(6,496,838)	(5,626,922)
Internal activity - payments from other funds	6,810	6,108	-	-
<b>Net cash provided by operating activities</b>	<b>5,062,353</b>	<b>2,931,747</b>	<b>(615,539)</b>	<b>594,155</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intergovernmental revenues	-	-	132,724	98,356
Transfers out	(816,294)	(521,631)	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(816,294)</b>	<b>(521,631)</b>	<b>132,724</b>	<b>98,356</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for capital acquisitions	(876,149)	(2,364,162)	-	-
Insurance proceeds	-	-	-	-
Proceeds from sale of capital assets	16,864	14,850	-	-
<b>Net cash used by capital and related financing activities</b>	<b>(859,285)</b>	<b>(2,349,312)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows from Investing Activities</b>				
Interest on investments	95,237	193,156	-	-
<b>Net cash provided by investing activities</b>	<b>95,237</b>	<b>193,156</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	<b>3,482,011</b>	<b>253,960</b>	<b>(482,815)</b>	<b>692,511</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>21,214,103</b>	<b>20,960,143</b>	<b>2,018,986</b>	<b>1,326,475</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 24,696,114</b>	<b>\$ 21,214,103</b>	<b>\$ 1,536,171</b>	<b>\$ 2,018,986</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating Income	\$ 1,588,509	\$ 2,078,568	\$ (387,744)	\$ 674,162
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>				
Depreciation	2,981,366	2,140,736	-	-
Loss on disposal of asset	-	-	-	-
<i>(Increase) Decrease in Assets:</i>				
Accounts receivable	91,456	87,605	(76,311)	1,947
Interest receivable	6,810	6,108	-	-
Inventories and prepaid expenses	-	-	-	-
<i>Increase (Decrease) in Liabilities:</i>				
Accounts payable	(22,047)	(1,602,387)	(151,484)	(81,954)
Accrued payroll	(22,458)	(88,360)	-	-
Payable accruals	170,058	-	-	-
Compensated absences payable	(53,341)	(160,523)	-	-
Landfill closure/postclosure liability	322,000	470,000	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 5,062,353</b>	<b>\$ 2,931,747</b>	<b>\$ (615,539)</b>	<b>\$ 594,155</b>

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

**KOOTENAI COUNTY, IDAHO**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2011**

	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash in bank and investments	\$ 3,480,067	\$ 1,392,030
Receivables:		
Taxes delinquent	33,883	5,859,732
Accounts receivable, (net)	6,487	-
<b>Total Assets</b>	<b>3,520,437</b>	<b>\$ 7,251,762</b>
<b>Liabilities</b>		
Accounts payable	-	\$ 1,319,420
Uncollected property taxes due to other governments	488,849	5,888,079
Due in more than one year	20,315	-
Due to other individuals	2,822,400	-
Due to other governments	65,530	44,263
<b>Total Liabilities</b>	<b>3,397,094</b>	<b>\$ 7,251,762</b>
<b>Net Assets</b>		
<b>Held in trust for other purposes</b>	<b>\$ 123,343</b>	

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

**KOOTENAI COUNTY, IDAHO**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2011**

	Private-Purpose Trust Funds
	2011
<b>Additions</b>	
Trust receipts	\$ 37,411
<b>Total Additions</b>	37,411
<b>Deductions</b>	
Trust Withdrawls	20,539
<b>Total Deductions</b>	20,539
Increase in Net Assets	16,872
Net Assets Beginning of Year	106,471
<b>Net Assets End of Year</b>	<b>\$ 123,343</b>

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

# Notes to the Financial Statement

## Permanent Control

Trained staff must be based at the landfill to supervise preparation, construction, the depositing of waste, monitoring and regular operation and maintenance. Fighting Creek landfill is fully staffed with a crew including managers, equipment operators, mechanics, maintenance staff and environmental technicians, all who play a part in the development and maintenance of correct sanitary landfill operations.

## Planned Waste Emplacement and Covering

Placing waste within the landfill is actually quite technical. Correct compaction rates, specific slopes, placement of methane gas wells and keeping a minimal working face (open garbage area) are all critical to control odor and to direct leachate and methane gas.





NOTES TO THE FINANCIAL STATEMENTS

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**KOOTENAI COUNTY, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2011**

**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 decrease of \$94,151 for the fiscal year ending December 31, 2010. As of September 30, 2011, KCEMSS reports a change in net assets increase of \$514,210 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. 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 not eliminated in the process of consolidation of the government-wide financial statements and are combined with the governmental activities of the primary government.

#### *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. Direct expenses of internal services are reported in the functional expense categories on the statement of activity. Indirect expense of internal services is allocated proportionately to functional categories based on direct internal services expense. Other interfund services provided and used by the government are not eliminated in consolidation of the government-wide financial statements.

### ***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 located in the Supplementary Information section.

The County reports the following major governmental fund:

The General Fund is the County's primary operating fund. It accounts for services that include general government, public safety and correction, and liability 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 - Special revenue funds account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.
3. Capital Project Funds - Capital project funds account for financial resources used for the acquisition or construction of major capital assets (other than those financed by proprietary funds).

#### *Proprietary Fund Types:*

Proprietary funds account for ongoing organizations and activities of a government, which are similar to those found in the private sector. The measurement focus is upon the determination of net income. Kootenai County has two proprietary fund types, an enterprise fund used to account for solid waste disposal activities and an internal service fund to account for self-insured health services.

1. Enterprise Funds – Enterprise funds account for operations that meet one of two criteria. (1) The activity runs in a manner similar to private business enterprises. Moreover, the intent of the governing body is that the ongoing operating costs (including depreciation) of providing goods or services to the public are financed or recovered primarily through user charges. (2) Where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
2. Internal Service Funds – Internal service funds account for activities provided to other funds, departments or agencies of the primary government on a cost reimbursement basis. Kootenai County utilizes an internal service fund, Health Insurance fund, to account for self-insured health services. This fund establishes a reimbursement rate for health coverage which is expensed to employees and County departments through the payroll system as a premium for service. 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 report transactions using the flow of economic resources measurement focus and accrual basis of accounting. Kootenai County utilizes private purpose trust funds for cash bonds, restitution 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 use the accrual basis of accounting; however, 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. 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. 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 as of the end of the financial reporting period.

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

The Code limits investments to the following types:

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

The County's cash in bank, cash equivalents, and investment balances of substantially all funds, including the Proprietary Fund, are pooled invested by the County Treasurer in certificates of deposit, United States Treasury Securities, and United States Obligations 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 equivalents. Cash and investment balances for the Proprietary Fund represent their allocated share of pooled cash and investments of the County and can be drawn down on demand.

*D-2. Receivables and payables:*

Due from/to other funds consist of receivables and payables for activities between funds of the County. **See footnote 15** for interfund activity schedule..

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

Property tax revenues are recognized when received in the period for which the taxes are levied. Property taxes are accrued as assets receivable and deferred revenue on the Balance Sheet when the County has an enforceable legal claim to the taxes which occurs in September prior to year end when the Board of County Commissioners adopts the subsequent fiscal year budget. The County's assessment date is January 1, and property taxes, levied by the second Monday of September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Other property taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

*D-3. Prepayments:*

Prepaid expenses represent amounts paid in the current period for services that will benefit future periods. Prepaid expenses are accounted for using the consumption method.

*D-4. 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-5. Unearned and Deferred Revenue:*

Unearned revenue is recorded when cash is received prior to being earned. In the governmental fund statements, deferred revenue includes unearned revenue in addition to revenue that is earned but not available.

*D-6. 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.

*D-7. 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, if applicable, 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-8. 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-9. Fund equity:*

The County has adopted the requirements of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, this statement clarifies the definitions of the general fund, special revenue funds and capital project fund as applicable to the County. This statement changes fund balance classifications reported in the Governmental Fund Balance Sheet and requires expanded disclosure of the County's policies and procedures as it relates to authority levels, spending policy, reporting of encumbrances and the County's revenue stabilization account.

The difference between governmental fund assets and fund liabilities is fund equity. For governmental and proprietary fund types the equity position is net assets. In the fund financial statements, fund equity of the County's governmental funds are classified as nonspendable, restricted, committed, assigned, or unassigned. A governmental fund may not have all five components of fund balance.

*Nonspendable* fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements must be maintained intact.

*Restricted* fund balances indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

*Committed* fund balances indicate amounts constrained for a specific purpose by the highest level of decision making authority of the governmental entity, the Board of County Commissioners (BOCC). It would require an ordinance or statute

change to remove the constraint placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period.

*Assigned* fund balances include amounts intended to be used by the County for specific purposes, as determined by the Commissioners or an appointed designee in accordance with BOCC guidelines. Constraints imposed on the use of assigned amounts do not rise to the level to be classified as either restricted or committed.

*Unassigned* fund balances indicate amounts in the general fund that are not classified in the other four categories above. Only the general fund is permitted to report a positive amount in unassigned fund balance. It is the Commissioners' policy to spend committed or assigned resources available for use before utilizing unassigned resources of the County.

The County has established a fund balance spending policy for those instances where an expenditure is incurred for a purpose for which amounts in any of the restricted or unrestricted fund balance classifications (committed, assigned, or unassigned) could be used. The County will apply expenditures against restricted amounts first, followed in order by committed, assigned, and unassigned amounts.

### *D-10. 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 provided and used is not eliminated in the process of consolidation. Any intergovernmental revenues in excess of expenses have been eliminated from the government-wide financial statements.

### *D-11. Comparative data/reclassifications:*

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended September 30, 2011, from which the summarized information was derived.

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.

### *D-12. Budget Appropriations and Year-end Cutoff:*

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

All balances in any appropriation for incomplete capital projects carry forward and integrate into the budget for the ensuing year. See the schedule on page 72 for the details of capital improvement carry forwards.

**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 \$4,033,783 difference are as follows:

**Capital Leases - All outstanding Capital Leases paid off during FY 11**

Equipment leases	\$	-	
Facility leases		-	
Total Capital leases			\$ -
<b>Compensated absences</b>			<u>4,033,783</u>
<b>Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i></b>			<u>\$ 4,033,783</u>

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 \$1,281,509 difference are as follows.

Beginning net assets of the internal service fund	\$	1,536,529	
Change in fund net assets		(255,020)	
<b>Net adjustment to <i>increase</i> governmental net assets</b>			<u>\$ 1,281,509</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**

Property taxes in the amount of \$632,396 were collected more than sixty days after the County's fiscal year end, and not considered "available" revenues in the governmental funds.

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 \$645,832 difference are as follows:

Capital outlay	\$	4,961,985	
Depreciation expense		(4,316,153)	
<b>Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i></b>			<u>\$ 645,832</u>

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Disposed capital asset values exceeded sale proceeds in the amount of \$40,822.

Proceeds from sale of assets is \$8,073.

Capital lease repayments in the amount of \$507,652 exceeded proceeds.

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 \$175,563 difference are as follows:

Compensated absences	\$ 172,964
Change in accrued Interest	<u>2,599</u>
<b>Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i></b>	<b><u>\$ 175,563</u></b>

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 (\$255,020) difference are as follows:

Revenues:	
Charges for Services	\$ 5,932,954
Miscellaneous	32,862
Intergovernmental Revenue	<u>132,724</u>
Total Revenues	6,098,540
Less expenditures:	<u>(6,353,560)</u>
<b>Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i></b>	<b><u>\$ (255,020)</u></b>

### NOTE 3: DEPOSITS AND INVESTMENTS

As of September 30, 2011, Kootenai County had the following investments:

Investment Type (amounts are in thousands)	9/30/2011 (Fair Value)	Weighted Average Maturity (Years)
U.S. Treasuries	\$ 19,300	1.76
State of Idaho Local Government Investment Pool	33,855	0.31
Certificates of Deposits	<u>7,950</u>	0.11
<b>Total fair value of investments:</b>	<b><u>\$ 61,105</u></b>	
Portfolio weighted average maturity		0.67

The (State of Idaho) Local Government Investment Pool (LGIP) is managed and sponsored by the State of Idaho Treasurer's Office (STO). This Joint Powers Investment Pool is established as a cooperative endeavor to offer local government entities of the State of Idaho to aggregate funds for investment purposes. The pooling is intended to improve efficiency and increase higher investment yields. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping financial institution. The STO must operate and invest the funds of the pool for the benefit of its participants. The LGIP is not registered with the Securities and Exchange Commission or any other regulatory body. The 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, and the State of Idaho's reported weighted average maturity of investments for the LGIP as of September 30, 2011, is 114 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, 2011, the following issuer had more than 5% in concentration of Kootenai County's total investment portfolio:

Investment Institution	Portfolio %
State of Idaho Local Government Investment Pool	55.4%
Federal National Mortgage Association	10.0%
US Bank	9.8%
Federal Home Loan Bank	8.3%

*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 Treasurer's Office on which financial institutions are qualified as depositories, and the amount of government funds above the total covered by federal insurance that is deposited with those qualified institutions may not exceed the total of that depository's capital and surplus. As of September 30, 2011, \$13,000 of Kootenai County's bank balance of \$64,243,500, was exposed to custodial credit risk because it was uninsured and not collateralized with securities held by the pledging financial institution's trust department or agent in the County's name. As of the same date the Kootenai County Emergency Medical Services System (KCEMSS), a discretely presented component unit had no exposure to custodial credit risk because none of KCEMSS' bank balance of \$2,674,487 was uninsured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the KCEMSS's name. The North Idaho Fair & Rodeo, another discretely presented component unit had no exposure to custodial credit risk because none of the North Idaho Fair & Rodeo's bank balance of \$271,828 was uninsured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the North Idaho Fair & Rodeo's name.

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, Kootenai County will not be able to recover the value of its investments or collateral securities which are in the possession of an outside party. Of the investment in U.S. Treasuries of \$19,299,832, Kootenai County has no custodial credit risk exposure where the related securities are uninsured, unregistered and held by Kootenai County's brokerage firm which is also the counterparty for these particular securities. Kootenai County does not have an investment policy limiting the amount of securities that can be held by counterparties.

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## NOTE 4: RECEIVABLES

Receivables as of year end for the County's major, non-major funds, and proprietary funds (Solid Waste and internal service fund activities in the aggregate) including applicable allowances for doubtful accounts, are as follows:

	General	Non-major Governmental Funds	Proprietary Funds	Total
Receivables:				
Interest	\$ 5,117	\$ 8	\$ 2,310	\$ 7,435
Accounts Receivable	1,993,371	210,427	761,387	2,965,185
Taxes	40,317,817	457,634	23,296	40,798,747
Grants Receivable	135,350	414,337	-	549,687
Gross receivables	42,451,655	1,082,406	786,993	44,321,054
Less: allowance for doubtful accounts	-	-	(35,000)	(35,000)
<b>Net total receivables</b>	<b>\$ 42,451,655</b>	<b>\$ 1,082,406</b>	<b>\$ 751,993</b>	<b>\$ 44,286,054</b>

Kootenai County's governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, and those governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of September 30, 2011, the various components of deferred revenue and unearned revenue reported in Kootenai County's governmental funds were as reported:

	Unavailable	Unearned
Subsequent property taxes receivable - earned and available in FY 2011	\$ -	\$ 38,616,232
Delinquent property taxes receivable (general fund)	1,701,585	-
Delinquent property taxes receivable (other governmental funds)	457,634	-
Intergovernmental services not yet performed (general fund)	-	785,610
Special Revenue program services not yet performed (other governmental funds)	-	273,145
Grant draw downs prior to meeting all eligibility requirements	-	19,583
<b>Total deferred and unearned revenue for governmental funds</b>	<b>\$ 2,159,219</b>	<b>\$ 39,694,570</b>

## NOTE 5: CAPITAL ASSETS

Capital asset activity for the year Ended September 30, 2011 was as follows (Amount in thousands):

GOVERNMENTAL ACTIVITIES	Balance 9/30/10	Additions	Deletions	Transfers	Balance 9/30/11
Capital assets, not being depreciated:					
Other Assets	\$ 72	\$ -	\$ -	\$ -	\$ 72
Land	5,207	210	-	-	5,417
Construction in progress	6,972	2,237	-	(97)	9,112
Total capital assets, not being depreciated	12,251	2,447	-	(97)	14,601
Capital assets, being depreciated:					
Buildings	39,293	20	-	97	39,410
Improvements other than buildings	26,571	84	-	-	26,655
Machinery and equipment	23,399	2,411	(960)	183	25,033
Total capital assets, being depreciated	89,263	2,515	(960)	280	91,098

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Less accumulated depreciation for:					
Buildings	(17,062)	(1,357)	-	-	(18,419)
Improvements other than buildings	(15,731)	(1,240)	-	-	(16,971)
Machinery and equipment	(17,978)	(1,719)	911	(183)	(18,967)
<b>Total accumulated depreciation</b>	<b>(50,769)</b>	<b>(4,316)</b>	<b>911</b>	<b>(183)</b>	<b>(54,357)</b>
Total capital assets, being depreciated, net:	38,494	(1,801)	(49)	97	36,741
<b>Government activities capital assets, net:</b>	<b>\$ 50,745</b>	<b>\$ 646</b>	<b>\$ (49)</b>	<b>\$ -</b>	<b>\$ 51,342</b>

<b>BUSINESS-TYPE ACTIVITIES</b>	Balance 9/30/10	Additions	Deletions	Transfers	Balance 9/30/11
Capital assets, not being depreciated:					
Land	\$ 1,658	\$ -	\$ -	\$ -	\$ 1,658
Construction in progress	5,233	56	(1)	(5,232)	57
<b>Total capital assets, not being depreciated</b>	<b>6,891</b>	<b>56</b>	<b>(1)</b>	<b>(5,232)</b>	<b>1,715</b>
Capital assets, being depreciated:					
Buildings	613	-	-	-	613
Improvements other than buildings	1,604	15	-	48	1,667
Machinery and equipment	10,228	531	(270)	(183)	10,306
Transfer Stations	19,577	78	-	66	19,721
Landfill	13,040	208	-	5,118	18,366
<b>Total capital assets, being depreciated</b>	<b>45,062</b>	<b>832</b>	<b>(270)</b>	<b>5,049</b>	<b>50,673</b>
Less accumulated depreciation for:					
Buildings	(347)	(27)	-	-	(374)
Improvements other than buildings	(541)	(150)	-	-	(691)
Machinery and equipment	(7,143)	(103)	-	-	(7,246)
Transfer Stations	(4,310)	(1,360)	270	183	(5,217)
Landfill	(10,707)	(1,353)	-	-	(12,060)
<b>Total accumulated depreciation</b>	<b>(23,048)</b>	<b>(2,993)</b>	<b>270</b>	<b>183</b>	<b>(25,588)</b>
Total capital assets, being depreciated, net:	22,014	(2,161)	-	5,232	25,085
<b>Business-type activities capital assets, net:</b>	<b>\$ 28,905</b>	<b>\$ (2,105)</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ 26,800</b>

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

Governmental Activities:	
General Government	\$ 1,219,699
Public Works	1,397,927
Public Safety	1,499,644
Sanitation Weeds	9,898
Health and Welfare	60
Culture and Recreation	188,924
Capital Project	-
<b>Total governmental activities current year depreciation expense</b>	<b>\$ 4,316,153</b>
Business-type activity:	
Solid Waste	\$ 2,993,266
<b>Total business-type activities current year depreciation expense</b>	<b>\$ 2,993,266</b>

The tables above summarize general government and solid waste capital assets and related accumulated depreciation as of September 30, 2011.

The additions to Construction in Progress totaled \$2,237,120, during fiscal year 2011 for governmental activities which include the following projects:

- First year costs for the County's Community Development Ordinance are \$64,817.
- Continued Airport infrastructure improvements are \$19,893.
- AIP 29 Master Plan Airport study work is \$231,800.
- Third year project cost of \$109,179 for AIP 30 which entails the relocating of an access road along with fencing and gate installation.
- Second year project costs for AIP 31 of \$7,699. This grant provides for costs relating to the construction and set- up of snow removal equipment.
- Initial costs of the AIP 32 project's Electronic Airport Layout Plan (a.k.a. AGIS) are \$25,837.
- A new ARFF (Aircraft Rescue and Fire Fighting) building is being constructed under the AIP 34 grant: costs for the first year of this project are \$211,998.
- AIP 35, entailing an overlay of Runway 119 and a rehabilitation of Taxiway D, costs are \$71,732
- Remodeling costs associated with the Driver's License department are \$58,113 and the Old Courthouse is \$8,582 for fiscal year 2011.
- Construction costs for increased usefulness of 911 communications are \$274,208 for the year.
- Waterways project costs for fiscal year 2011 are \$457,939 and include projects at Hauser Lake, Upper Twin Lake, and Mica and Sun up Bays on Lake Coeur d'Alene.
- Costs associated with improvements to the Juvenile Justice Center \$194,522.
- One project at the jail court shell, a Detectives Office \$500,796.

Buildings increase by \$116,839 which correlates to; the acquisition of induction lighting fixtures at the Jail for \$19,749 and the transfer of the completed Court hold from Construction in Progress of \$97,090.

Additions for Machinery and Equipment of \$2,410,935 for governmental activities includes ten sheriff patrol vehicles outfitted with mobile data units and safety equipment, eleven county vehicles, also four buses acquired with ARRA grant funds for the Citilink transportation system. Disposals for Machinery and Equipment with historical costs of \$960,427, and related depreciation of \$911,531 includes six vehicles and vehicle accessories, expired Sales Tax software system, and obsolete office and computer equipment.

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Land increase of \$209,765 for governmental activity is associated with the purchase of property near the Carlin Bay boat launch to improve access to the launch.

The Solid Waste Enterprise Fund capital expenditures during fiscal year 2011 totaled \$889,049. This includes:

- Construction in Progress increase of \$56,224 is attributed to the first year costs of the Gas to Energy project at Fighting Creek Landfill of \$34,942 and \$21,282 for beginning work done on a new Equipment Storage Building at Prairie Transfer Station.
- There is no change for Solid Waste Lands for fiscal year 2011.
- There is no change for Solid Waste Buildings for fiscal year 2011.
- Improvements Other than Buildings' increase of \$63,927 are attributed to Granite Landfill Project of \$48,444 as well as continued improvements to the Worley rural site of \$15,483.
- Machinery and Equipment purchases of \$530,923 include a Track Loader, a Hauling Truck, Landfill Rain Sheets, a long bed pickup for use with the rural systems, as well as two additional transfer trailers.
- Machinery and Equipment disposals totaling \$270,251 include five transfer trailers, five vehicles, and other obsolete equipment and computers, all of which have been fully depreciated.

*Discretely presented component units:*

Activity for the Kootenai County Emergency Medical Services System for the year ended September 30, 2011, was as follows:

	Balance 10/1/10	Additions	Deletions	Balance 9/30/11
<b>KCEMSS Component Unit Activity</b>				
Capital assets, not being depreciated:				
Land	\$ 403,990	\$ -	\$ -	\$ 403,990
Total capital assets, not being depreciated	403,990	-	-	403,990
Capital assets, being depreciated:				
Building	484,750		\$ -	\$ 484,750
Machinery and equipment	452,736	96,455	(9,000)	540,191
Vehicles	1,952,889	82,409	(246,699)	1,788,599
Total capital assets, being depreciated	2,890,375	178,864	(255,699)	2,813,540
Less accumulated depreciation for:				
Building	(19,301)	(18,114)		(37,415)
Machinery and equipment	(272,428)	(88,047)	6,322	(354,153)
Vehicles	(1,305,058)	(242,583)	238,628	(1,309,013)
Total accumulated depreciation	(1,596,787)	(348,744)	244,950	(1,700,581)
Total capital assets, being depreciated, net	1,293,588	(169,880)	(10,749)	1,112,959
<b>KCEMSS activity capital assets, net</b>	<b>\$ 1,697,578</b>	<b>\$ (169,880)</b>	<b>\$ (10,749)</b>	<b>\$ 1,516,949</b>

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Activity for the North Idaho Fair and Rodeo for the year ended December 31, 2010 was as follows:

	Balance 12/31/09	Additions	Deletions	Balance 12/31/10
<b>North Idaho Fair Component Unit Activity</b>				
Capital Assets, not being depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated:				
Machinery and Equipment	366,488	1,165	(56,202)	311,451
Buildings	2,739,566	48,043	(36,357)	2,751,252
Total capital assets, being depreciated	3,106,054	49,208	(92,559)	3,062,703
Less accumulated depreciation for:				
Machinery and Equipment	(257,975)	(79,195)	36,357	(300,813)
Buildings	(1,003,639)	(27,885)	33,137	(998,387)
Total accumulated depreciation	(1,261,614)	(107,080)	69,494	(1,299,200)
Total capital assets, being depreciated, net	1,844,440	(57,872)	(23,065)	1,763,503
<b>North Idaho Fair activity capital assets, net</b>	<b>\$ 1,844,440</b>	<b>\$ (57,872)</b>	<b>\$ (23,065)</b>	<b>\$ 1,763,503</b>

## NOTE 6: LEASES

### 6-A. Operating Leases:

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

The following is a schedule of future minimum rental payments required under operating lease agreements that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2011.

Fiscal Year Ending September 30,	Governmental Activities
2012	\$ 186,790
2013	186,790
2014	186,790
2015	186,790
2016	186,790
2017-2021	1,307,533
<b>Total Minimum Payments Required</b>	<b>\$ 2,241,483</b>

The total expenditure for operating leases during the fiscal year ending September 30, 2011, totaled \$197,861.

### 6-B. Capital Leases:

The County held two Capital Leases at the beginning of Fiscal Year 2011, both were paid in full during the year. In paying off the capital lease contracts, sole ownership of the capital assets transferred to the County. Under capital lease arrangements, County assets' historical costs totaled \$1,157,865. This included one lease arranged through Panhandle Area Council for land and building totaling \$554,479, and \$331,576, respectively. The Board of County Commissioners decided to pay the principal balance of \$404,700, instead of monthly payments originally scheduled through 2017. A second lease was maintained with the City of Post Falls for 911 Emergency Management communication Equipment totaling \$271,810. The final equipment lease payment of \$49,800 was remitted during Fiscal Year 2011. These arrangements had fixed interest rates ranging from 4.13% to 5.14%.

The schedule below is an analysis of assets under capital lease during the Fiscal Year 2011:

	(Historical Cost) Governmental Activities	(Less) Accumulated Depreciation	Net of Depreciation
Asset:			
Land	\$ 554,479	\$ -	\$ 554,479
Buildings and Improvements	251,552	(80,024)	171,528
Machinery, Equipment, and Other	271,810	(271,810)	-
<b>Total Capital Leases</b>	<b>\$ 1,077,841</b>	<b>\$ (351,834)</b>	<b>\$ 726,007</b>

**NOTE 7: GENERAL LONG-TERM OBLIGATIONS**

*Changes in Long-term Obligations:*

During the year ending September 30, 2011, the following changes occurred with liabilities reported in the general long-term obligations:

	Balance 10/1/2010	Additions	Reductions	Balance 9/30/2011	Amounts Due within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
<i>Bonds and notes payable:</i>					
Capital leases	\$ 507,653	\$ -	\$ 507,653	\$ -	\$ -
<i>Other Liabilities:</i>					
Compensated Absences	4,206,747	93,797	266,761	4,033,783	131,369
<b>Governmental activities long-term liabilities</b>	<b>\$ 4,714,400</b>	<b>\$ 93,797</b>	<b>\$ 774,414</b>	<b>\$ 4,033,783</b>	<b>\$ 131,369</b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated Absences	\$ 210,067	\$ -	\$ 1,734	\$ 208,333	\$ 6,452
Landfill closure liability	6,310,000	322,000	-	6,632,000	-
<b>Business-type activities long-term liabilities</b>	<b>\$ 6,520,067</b>	<b>\$ 322,000</b>	<b>\$ 1,734</b>	<b>\$ 6,840,333</b>	<b>\$ 6,452</b>

At September 30, 2011, total compensated absences payable by the County is \$4,242,116. Of this amount, \$4,033,783 arises from governmental activity operations, and \$208,333 is attributable to business activity operations. 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, 2011, 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, 2010, for North Idaho Fair & Rodeo. KCEMSS has no outstanding notes payable for the year ending September 30, 2011.

**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 2010-2011 an increase of \$322,000 in closure and post-closure liability and costs has been recognized for the period ending September 30, 2011.

A total of \$6,632,000 has been recognized for closure and post-closure liability as of the balance sheet date. This figure is based on 92.5% utilization of the landfill's estimated capacity of 2,289,500 tons and the total estimated closure and post-closure costs of \$8,562,600. This amount totals \$7,919,000, less a reduction for actual closure expenses incurred of \$1,286,900. The remainder of the estimated closure and post-closure costs of \$643,600 will be recognized, on a pro-rata basis, as the remaining usable landfill space in the current cell is filled. The Fighting Creek Landfill is expected to close some time in 2014.

Funds totaling \$7,137,453 including interest have been restricted 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. 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. Additionally, the current Fighting Creek landfill site is being expanded into additional cells which will extend the overall life of the landfill site an estimated 25 to 30 years. This will have an impact on the timing of closure and post closure costs.

### **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 Prosecutor, including his 5 approved Civil Deputies, provides legal advice to the County Commissioners and other public officials of the County. The Prosecutor also prosecutes or defends all civil actions in which the County is interested. Additionally the Prosecutor's duties include drafting and reviewing contracts, as well as monitoring and defending claims arising therefrom.

The Board of County Commissioners serves as risk managers which duties include reviewing contracts, and evaluating the adequacy of insurance coverage. The Risk Management Technician 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 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 liability exposures covered by the ICRMP policy.

The ICRMP 2010-2011 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 \$100,000 of damage to any Kootenai County property. Axis, rated by AM Best as A XV and one of the largest property 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 losses are covered up to \$50,000,000 in the aggregate annually for all ICRMP insureds collectively. Boiler and Machinery losses are covered in the aggregate annually for all ICRMP insureds up to \$100,000,000. Coverage for acts of terrorism is provided in a collective aggregate of \$20,000,000.

On December 30, 2011, the County had 10 outstanding claims. The County's legal staff maintains 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.

The County has established a self-funded health insurance program. This program is funded by internal rates charged bi-weekly through payroll to the various County departments based on actual participation by employees for their share of the cost. The plan is administered on a contract basis by a third party administrator. Claims are paid by the administrator and are reimbursed by the County. Reinsurance for both specific and annual aggregate stop-loss coverage is provided. Specific stop-loss covers individual claims in excess of \$75,000. The current attachment point for annual aggregate stop-loss coverage has been set at \$5,511,452. The Health Insurance Fund Balance at September 30, 2011 was \$1,281,509. Estimated Claims outstanding as of fiscal year end was \$288,466 based on health plan consultant's actuarial estimate.

**NOTE 11: PENSION PLAN**

The Public Employee Retirement System of Idaho (the System) administers The Public Employee Retirement Fund Base Plan (PERSI). This system is 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.

Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. Benefits are calculated based on annual service retirement allowances of 2.000% or 2.300% (depending upon employee classification) multiplied by their average monthly salary for the highest consecutive 42 months.

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 had 755 employees actively contributing to PERSI as of September 30, 2011. Total contributions required and paid were \$3,165,190, \$3,174,871, and \$3,141,983, for the three years ending September 30, 2011, 2010, and 2009 respectively.

**NOTE 12: CLASSIFICATION OF FUNDS**

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

Replacement Reserve/Acquisition  
Justice

Payroll Liability Fund  
Unemployment Insurance

**NOTE 13: JOINT GOVERNED ORGANIZATIONS**

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

One HARSB member is appointed by the Kootenai County Board of County Commissioners. The County's control over the budget and/or financial operations of HARSB is limited to its representative's participation on the Board of HARSB. HARSB, acting through its appointed management team exercises total authority for the daily operations of the organization whose purpose it is to construct and

# Kootenai County Comprehensive Annual Financial Report - FY 2011

operate sewer facilities in the Hayden Lake area of Kootenai County. Control exercised by HARSB 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, 2011.

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

## NOTE 14: CONTINGENT LIABILITIES

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

## NOTE 15: INTERNAL BALANCES AND INTERFUND TRANSFERS

The composition of internal balances as of September 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>(Payable) Funds</u>
<u>Major Funds:</u>	
General Fund	\$ 133,150
<u>Non-Major Special Revenue Funds:</u>	
County Vessel Fund	(2,298)
Construction Fund	(130,852)
<b>Total</b>	<b>\$ -</b>

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 transfers:

Transfer out	Transfer In		
	General Govt	Other Govt	Total
	Funds	Funds	
General Governmental Funds	\$ (1,017,500)	\$ 1,017,500	\$ -
Other Government Funds	51,050	(51,050)	-
Enterprise Funds	771,298	44,996	816,294
<b>Total</b>	<b>\$ (195,152)</b>	<b>\$ 1,011,446</b>	<b>\$ 816,294</b>

Interfund transfers are primarily performed for two reasons: 1) taxes, fees, penalties, and other revenues are transferred from the statutory funds 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 of \$1,010,000 were made from General Fund to the Indigent Fund to cover unexpected county assistance expenditures. Total transfers out of the Solid Waste Enterprise fund to General Fund and Other Non-major governmental funds totaled \$539,624. Administrative, accounting, and legal services are provided by other departments for the Solid Waste Enterprise fund. Additionally, Solid Waste transferred the original capital contribution of \$276,670 back to General Fund. General Fund provided Solid Waste beginning capital in the mid-1990's to start Solid Waste operations

## NOTE 16: FUND EQUITY

### 16-A. Deficit Fund Equity:

At September 30, 2011, no fund balance deficits existed in any County funds.

**16-B. Net Assets Restrictions**

At September 30, 2011, The County had the following Restricted Net Assets balances:

Restricted Net Assets	Governmental	Solid Waste	Total
Juvenile justice services	\$ 52,011	\$ -	\$ 52,011
Enhanced 9-1-1 services	826,880	-	826,880
Court facility construction	208,475	-	208,475
Court interlock devices	60,389	-	60,389
Operations	2,438,772	-	2,438,772
Landfill Closure/Post Closure	-	505,453	505,453
Capital appropriations carryover	-	1,294,898	1,294,898
<b>Total Restricted</b>	<b>\$ 3,586,527</b>	<b>\$ 1,800,351</b>	<b>\$ 5,386,878</b>

Restricted fund balances indicate amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

**16-C. Fund Equity Balances:**

At September 30, 2011 the following fund equity balances were reserved:

Fund Equity Balances:	General	Other Govt	Total
<b>Nonspendable:</b>			
Prepays	\$ 18,119	\$ 749	\$ 18,868
Total Nonspendable	18,119	749	18,868
<b>Restricted</b>			
Juvenile justice services	52,011	-	52,011
Enhanced 9-1-1 Services	826,880	-	826,880
Court facility construction	208,475	-	208,475
Court interlock devices	-	60,389	60,389
Operations	-	2,438,772	2,438,772
Total Restricted	1,087,366	2,499,161	3,586,527
<b>Committed:</b>			
Capital Project-Tax Software Update	382,205	-	382,205
Capital Project-Emerg 9-1-1 bldg constr.	1,400,000	-	1,400,000
Capital Project-Community Development	285,183	-	285,183
Capital Project-Recorder's Software update	106,687	-	106,687
Capital Purchases	806,008	-	806,008
Capital Appropriation Carryover	688,611	-	688,611
Waterway programs	-	86,006	86,006
Park construction	-	29,700	29,700
Sheriff snowmobile	-	17,390	17,390
Sheriff commissary	15,457	-	15,457
Operations	3,394,270	1,188,804	4,583,074
Total Committed	7,078,421	1,321,900	8,400,321
Unassigned	20,149,928	-	20,149,928
<b>Total Fund Equity Balances</b>	<b>\$ 28,333,834</b>	<b>\$ 3,821,810</b>	<b>\$ 32,155,644</b>



# Required Supplementary Information

## Controlling Methane Production

Decomposing matter produces the natural gas methane. Within the landfill there is also a series of pipes designed to capture and direct the flow of methane gas. Gas pipes and wells are throughout the entire footprint of the landfill. There are large fans, called blowers, placed down slope from the landfill footprint, which create suction on the series of pipes within the landfill. Methane production is not a constant, and can vary due to season, precipitation, type of garbage, compaction rates, etc. Adjustable wells are used to raise and lower the amount of vacuum on specific areas of the landfill. Changes on this vacuum are done by monitoring current methane, carbon dioxide and oxygen levels. Technicians attempt to keep levels around 58% to 60% methane, 38% to 40% carbon dioxide and 0% to 2% oxygen. Production of methane can range anywhere from 600 cfm to over 1,000 cfm. In the past the methane produced by the landfill was directed to large flares which burn the methane at temperatures around 1700 degrees Fahrenheit, thereby burning off the volatiles within the methane.





**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, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 32,236,467	\$ 32,236,467	\$ 32,783,203	\$ 546,736
Licenses and permits	1,252,200	1,252,200	1,301,774	49,574
Intergovernmental	7,558,724	7,558,724	8,957,695	1,398,971
Interest	350,000	350,000	239,548	(110,452)
Fines and forfeitures	322,468	322,468	312,199	(10,269)
Charges for services	6,196,692	6,196,707	6,003,358	(193,349)
Miscellaneous	287,262	287,262	526,270	239,008
<i>Total Revenues</i>	48,203,813	48,203,828	50,124,047	1,920,219
<b>Expenditures</b>				
Current:				
General government				
Assessor	1,552,501	1,562,730	1,473,247	89,483
Building & Grounds	730,623	730,874	596,540	134,334
County Clerk	4,018,557	4,040,166	3,799,915	240,251
Cooperative Extension	161,090	161,090	154,161	6,929
County Auto Shop	222,352	224,700	208,052	16,648
County Commissioner	685,127	685,127	664,218	20,909
County Grant Writer	61,210	61,210	62,928	(1,718)
General Accounts	1,375,123	1,220,610	740,618	479,992
Office of Emergency Management	1,062,544	1,078,093	1,186,467	(108,374)
Human Resources	286,636	293,137	288,472	4,665
Information Services	1,743,289	1,807,789	1,776,253	31,536
Liability Insurance	753,945	753,945	693,036	60,909
Community Development	1,850,316	1,850,317	1,474,686	375,631
Prosecuting Attorney	2,557,191	2,572,588	2,452,619	119,969
Public Defender	1,910,107	2,018,439	1,973,243	45,196
Reprographics/Mail Room	260,742	260,743	248,615	12,128
Treasurer	651,558	651,558	601,295	50,263
Veterans Services	98,107	98,107	97,291	816

*(Continued)*

**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, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Public safety				
9-1-1	\$ 3,523,221	\$ 3,523,728	\$ 2,700,577	\$ 823,151
Adult Misdemeanor Probation	654,915	661,416	607,678	53,738
Coroner	324,943	385,375	361,926	23,449
Justice - General Accounts	605,000	360,567	389,146	(28,579)
Juvenile Detention Center	2,471,535	2,471,535	2,205,567	265,968
Juvenile Diversion	300,712	300,712	295,832	4,880
Juvenile Probation	1,284,873	1,463,403	1,497,822	(34,419)
Sheriff	19,068,902	19,103,296	19,331,446	(228,150)
Health & welfare				
County Assistance	315,000	315,000	314,998	2
Debit service:				
Principal retirement	103,361	103,361	507,652	(404,291)
Interest expense	24,167	24,167	23,013	1,154
Capital outlay:				
Capital expenditures	1,800,171	3,004,507	1,771,990	1,232,517
Construction in Progress	114,670	2,244,304	1,066,064	1,178,240
Total Expenditures	50,572,488	54,032,594	49,565,367	4,467,227
Excess of Revenues Over (Under) Expenditures	(2,368,675)	(5,828,766)	558,680	(2,547,008)
<b>Other Financing Sources (Uses)</b>				
Proceeds insurance	-	-	21,580	21,580
Planned Fund Balance Utilization	1,881,540	6,373,924	-	(6,373,924)
Transfers In	709,305	746,965	822,346	75,383
Transfers (out)	(222,170)	(1,292,123)	(1,017,500)	274,623
Total Other Financing Sources (Uses)	2,368,675	5,828,766	(173,572)	(6,002,338)
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	385,108	
Fund Balances Beginning of Year			27,948,726	
<b>Fund Balances End of Year</b>			<b>\$ 28,333,834</b>	

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

**KOOTENAI COUNTY, IDAHO**  
**Required Supplementary Information**  
**Note to Required Supplementary Information**  
**Basis of Budgetary Reporting**  
**Stewardship, Compliance, and Accountability**  
**For the Year Ended September 30, 2011**

***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, and lapse at the close of the year. The Budget and Actual schedules are prepared on the budgetary basis and vary 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 claim presented after that day comes out of the subsequent year's budget.

Any unexpended appropriations for incomplete capital improvements carry forward into the subsequent year's budget..

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

The County budgets 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 related fund's budget. All budgets are adopted on an accounting basis that differs from GAAP as described above. The following is a summary of the budgetary process for the County:

Prior to the fourth Monday in April, 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 or before 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 cannot 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 unanticipated 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.

## Kootenai County Comprehensive Annual Financial Report - FY 2011

Kootenai County Board of County Commissioners approved five unexpended appropriations of projects totaling \$1,138,253 to be carried over from fiscal year 2010 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:

	Prior Appropriations	Prior Year Expenditures	Carryforward Balance 10/1/2010	Appropriation FY 2011	Expenditures FY 2011	Carryforward Balance 9/30/2011
Fighting Creek Gas & Leachate System	\$ 361,674	\$ 66,776	\$ 294,898	\$ 500,000	\$ -	\$ 794,898
Property Tax Software System	766,293	302,638	463,655	-	81,450	382,205
Loch Haven Park Development	30,000	300	29,700	-	-	29,700
Planning and Zoning Master Plan	350,000	-	350,000	-	64,817	285,183
Clerk Recorder's Imaging Software	-	-	-	300,000	193,313	106,687
9-1-1 Call Center Remodel	-	-	-	1,400,000	-	1,400,000
<b>Total Carryforward</b>			<b><u>\$ 1,138,253</u></b>			<b><u>\$ 2,998,673</u></b>

**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, 2011**

	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget (Over) Under
Board of County Commissioners	\$ 45,040,190	\$ 40,411,347	\$ 4,628,843
County Clerk	\$ 7,510,415	\$ 7,038,631	\$ 471,784
Administrative District Judge	\$ 2,148,332	\$ 2,130,965	\$ 17,367
Treasurer	\$ 651,558	\$ 601,295	\$ 50,263
County Assessor	\$ 3,740,545	\$ 3,538,026	\$ 202,519
Coroner	\$ 385,374	\$ 361,296	\$ 24,078
County Sheriff	\$ 26,105,321	\$ 24,043,888	\$ 2,061,433
Prosecuting Attorney	\$ 2,572,588	\$ 2,452,619	\$ 119,969



# Supplementary Information

## Turning Waste to Energy

Kootenai County and Kootenai Electric Cooperative have now partnered together in order to create Northern Idaho's first gas to energy plant using landfill produced methane gas. The same gas pipe system used to direct methane to the flares is now also directing gas to a facility built by Kootenai Electric designed to convert methane gas into electricity. The Kootenai Electric facility has its own blowers to create vacuum, providing gas to their system. The 3.2 mega-watt plant currently uses two CAT generators to convert the methane gas, which will provide enough power to initially supply 1,200 households. Mufflers are used to quiet the noise of the generators, and power lines leading from the Kootenai Electric facility tie into the grid off of Highway 95. Eventually with the addition of a third generator Kootenai Electric hopes to produce enough power to supply 3,000 homes.





**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.

**Centennial Trail Fund** - accounts 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.

**Tourism Promotion Fund** - accounts for proceeds collected from pari-mutuel betting at the Greyhound Park in Post Falls. The Board of County Commissioners has made a decision to pass along revenues to the Visitor's Bureau of Post Falls for its gateway community services.

**Airport Fund** - accounts for the operation of the county airport. Funding is provided through property taxes, rents, and fees.

**County Fair** - accounts for the funding of the component unit. Funding is provided through property taxes.

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

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

**Historical Society** - accounts for the funding of the county's obligation to the local Historical Society. Funding is provided through property taxes.

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

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

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

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

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

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

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

**Revaluation** - accounts for the operation re-assessing county property. Funding is provided through property taxes and fees.

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

**Aquifer Protection Fund** - accounts for Aquifer protection fees collected for the preservation and protection of the Rathdrum Prairie Aquifer.

**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.

# Combining Financial Statements

## Methane Capture





**KOOTENAI COUNTY, IDAHO**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**September 30, 2011**

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 4,111,472	\$ -	\$ 4,111,472
Taxes delinquent-receivable	457,634	-	457,634
Accounts receivable, (net)	210,427	-	210,427
Interest receivable	8	-	8
Grants receivable	68,560	345,777	414,337
Prepays	749	-	749
<b>Total Assets</b>	<b>\$ 4,848,850</b>	<b>\$ 345,777</b>	<b>\$ 5,194,627</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 406,287	\$ 214,925	\$ 621,212
Payroll and related liabilities	1,237	-	1,237
Deferred revenues	273,145	-	273,145
Deferred grant revenues	8,666	-	8,666
Unearned property taxes	335,407	-	335,407
Due to other funds	2,298	130,852	133,150
<b>Total Liabilities</b>	<b>1,027,040</b>	<b>345,777</b>	<b>1,372,817</b>
<b>Fund Balances:</b>			
Nonspendable	749	-	749
Restricted	2,499,161	-	2,499,161
Committed	1,321,900	-	1,321,900
<b>Total Fund Balances</b>	<b>3,821,810</b>	<b>-</b>	<b>\$ 3,821,810</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,848,850</b>	<b>\$ 345,777</b>	<b>\$ 5,194,627</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Special Revenue Funds  
September 30, 2011**

	Centennial Trail Special Revenue	Tourism Promo. Special Revenue	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue
<b>Assets</b>					
Cash and investments	\$ 108,654	\$ 978	\$ 449,452	\$ 54,637	\$ 133,025
Taxes delinquent-receivable	-	-	28,799	4,526	13,987
Accounts receivable, (net)	-	-	3,053	-	291
Interest receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Prepays	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 108,654</b>	<b>\$ 978</b>	<b>\$ 481,304</b>	<b>\$ 59,163</b>	<b>\$ 147,303</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 58,738	\$ 25,000	\$ 38,000
Payroll and related liabilities	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Deferred grant revenues	-	-	-	-	-
Unearned property taxes	-	-	21,956	3,476	10,131
Due to other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>80,694</b>	<b>28,476</b>	<b>48,131</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	-	978	400,610	-	39,516
Committed	108,654	-	-	30,687	59,656
<b>Total Fund Balances</b>	<b>108,654</b>	<b>978</b>	<b>400,610</b>	<b>30,687</b>	<b>99,172</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 108,654</b>	<b>\$ 978</b>	<b>\$ 481,304</b>	<b>\$ 59,163</b>	<b>\$ 147,303</b>

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Special Revenue Funds  
September 30, 2011**

	Health District Special Revenue	Historical Society Special Revenue	Parks & Rec Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue
<b>Assets</b>					
Cash and investments	\$ 195,045	\$ 13,340	\$ 243,221	\$ 130,843	\$ 200
Taxes delinquent-receivable	33,196	8,447	11,639	-	-
Accounts receivable, (net)	-	-	-	-	53,931
Interest receivable	-	-	-	-	-
Grants receivable	-	2,830	-	800	40,734
Prepays	-	-	-	-	-
<i>Total Assets</i>	<u>\$ 228,241</u>	<u>\$ 24,617</u>	<u>\$ 254,860</u>	<u>\$ 131,643</u>	<u>\$ 94,865</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 167,265	\$ 5,999	\$ 12,371	\$ -	\$ 9,044
Payroll and related liabilities	-	-	-	-	-
Deferred revenues	-	-	47,477	-	-
Deferred grant revenues	-	-	8,666	-	-
Unearned property taxes	23,217	8,329	-	-	-
Due to other funds	-	-	-	-	2,298
<i>Total Liabilities</i>	<u>190,482</u>	<u>14,328</u>	<u>68,514</u>	<u>-</u>	<u>11,342</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	(4,352)	114,253	(16,477)
Committed	37,759	10,289	190,698	17,390	100,000
<i>Total Fund Balances</i>	<u>37,759</u>	<u>10,289</u>	<u>186,346</u>	<u>131,643</u>	<u>83,523</u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 228,241</b></u>	<u><b>\$ 24,617</b></u>	<u><b>\$ 254,860</b></u>	<u><b>\$ 131,643</b></u>	<u><b>\$ 94,865</b></u>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Special Revenue Funds  
September 30, 2011**

	Public Access Special Revenue	Indigent Special Revenue	FTA Public Trans Special Revenue	District Court Special Revenue
<b>Assets</b>				
Cash and investments	\$ 69,106	\$ 70,225	\$ 235,429	\$ 1,104,227
Taxes delinquent-receivable	-	78,848	-	35,965
Accounts receivable, (net)	-	-	-	138,905
Interest receivable	8	-	-	-
Grants receivable	-	-	24,196	-
Prepays	-	60	-	539
<b>Total Assets</b>	<b>\$ 69,114</b>	<b>\$ 149,133</b>	<b>\$ 259,625</b>	<b>\$ 1,279,636</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 26,180	\$ 15,988	\$ 27,292
Payroll and related liabilities	-	-	-	-
Deferred revenues	-	-	218,194	7,474
Deferred grant revenues	-	-	-	-
Unearned property taxes	-	42,841	25,443	26,427
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>69,021</b>	<b>259,625</b>	<b>61,193</b>
<b>Fund Balances:</b>				
Nonspendable	-	60	-	539
Restricted	23,114	80,052	-	867,904
Committed	46,000	-	-	350,000
<b>Total Fund Balances</b>	<b>69,114</b>	<b>80,112</b>	<b>-</b>	<b>1,218,443</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 69,114</b>	<b>\$ 149,133</b>	<b>\$ 259,625</b>	<b>\$ 1,279,636</b>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Special Revenue Funds  
September 30, 2011**

	Revaluation Special Revenue	KCEMSS Special Revenue	Aquifer Protection Special Revenue	Total Nonmajor Special Revenue Funds
<b>Assets</b>				
Cash and investments	\$ 581,300	\$ 14,382	\$ 707,408	\$ 4,111,472
Taxes delinquent-receivable	110,440	100,477	31,310	457,634
Accounts receivable, (net)	-	14,247	-	210,427
Interest receivable	-	-	-	8
Grants receivable	-	-	-	68,560
Prepays	150	-	-	749
<b>Total Assets</b>	<b>\$ 691,890</b>	<b>\$ 129,106</b>	<b>\$ 738,718</b>	<b>\$ 4,848,850</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 7,475	\$ 11,334	\$ 1,601	\$ 406,287
Payroll and related liabilities	1,237	-	-	1,237
Deferred revenues	-	-	-	273,145
Deferred grant revenues	-	-	-	8,666
Unearned property taxes	76,889	68,565	28,133	335,407
Due to other funds	-	-	-	2,298
<b>Total Liabilities</b>	<b>85,601</b>	<b>79,899</b>	<b>29,734</b>	<b>1,027,040</b>
<b>Fund Balances:</b>				
Nonspendable	150	-	-	749
Restricted	376,959	49,207	567,397	2,499,161
Committed	229,180	-	141,587	1,321,900
<b>Total Fund Balances</b>	<b>606,289</b>	<b>49,207</b>	<b>708,984</b>	<b>3,821,810</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 691,890</b>	<b>\$ 129,106</b>	<b>\$ 738,718</b>	<b>\$ 4,848,850</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Capital Projects Funds  
September 30, 2011**

	General Construction Capital Projects	Total Non-major Capital Project Funds
<b>Assets</b>		
Grants receivable	\$ 345,777	\$ 345,777
<b>Total Assets</b>	<b>\$ 345,777</b>	<b>\$ 345,777</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 214,925	\$ 214,925
Due to other funds	130,852	130,852
<b>Total Liabilities</b>	<b>345,777</b>	<b>345,777</b>
 <b>Fund Balances:</b>		
Restricted	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>
 <b>Total Liabilities and Fund Balances</b>	<b>\$ 345,777</b>	<b>\$ 345,777</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended September 30, 2011**

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
<b>Revenues</b>			
Taxes	\$ 8,386,196	\$ -	\$ 8,386,196
Licenses and permits	141,328	-	141,328
Intergovernmental	2,062,948	1,106,911	3,169,859
Interest	290	-	290
Fines and forfeitures	964,509	-	964,509
Charges for services	529,302	-	529,302
Miscellaneous	919,759	154,199	1,073,958
<i>Total Revenues</i>	13,004,332	1,261,110	14,265,442
<b>Expenditures</b>			
Current:			
General government	2,790,930	-	2,790,930
Public works	736,833	-	736,833
Public safety	4,706,718	-	4,706,718
Sanitation	418,504	-	418,504
Health & welfare	3,706,329	-	3,706,329
Culture and recreation	759,364	-	759,364
Capital Outlay:			
Capital expenditures	730,386	257,787	988,173
Construction in progress	132,435	1,003,323	1,135,758
<i>Total Expenditures</i>	13,981,499	1,261,110	15,242,609
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(977,167)	-	(977,167)
<b>Other Financing Sources</b>			
Proceeds from Insurance	20,325	-	20,325
Transfers In	1,062,496	-	1,062,496
Transfers (out)	(51,050)	-	(51,050)
<i>Total Other Financing Sources</i>	1,031,771	-	1,031,771
<i>Net Change in Fund Balances</i>	54,604	-	54,604
<i>Fund Balances Beginning of Year</i>	3,767,206	-	3,767,206
<b>Fund Balances End of Year</b>	<b>\$ 3,821,810</b>	<b>\$ -</b>	<b>\$ 3,821,810</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Centennial Trail Special Revenue	Tourism Promo. Special Revenue	Airport Special Revenue	County Fair Special Revenue	Noxious Weeds Special Revenue
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ 390,967	\$ 99,427	\$ 276,786
Licenses and permits	-	-	-	-	-
Intergovernmental	-	2,283	-	-	178,112
Interest	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Charges for services	15,000	-	69,459	-	60
Miscellaneous	4,383	-	446,499	-	643
<i>Total Revenues</i>	19,383	2,283	906,925	99,427	455,601
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public works	-	-	736,833	-	-
Public safety	-	-	-	-	-
Sanitation	-	-	-	-	418,504
Health & welfare	-	-	-	-	-
Culture and recreation	-	2,283	-	100,000	-
Capital outlay:					
Capital expenditures	-	-	-	-	-
Construction in progress	-	-	24,361	-	-
<i>Total Expenditures</i>	-	2,283	761,194	100,000	418,504
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	19,383	-	145,731	(573)	37,097
<b>Other Financing Sources</b>					
Proceeds from Insurance	-	-	-	-	-
Transfers in	7,500	-	-	-	-
Transfers (out)	-	-	-	-	-
<i>Total Other Financing Sources</i>	7,500	-	-	-	-
<i>Net Change in Fund Balances</i>	26,883	-	145,731	(573)	37,097
<i>Fund Balances Beginning of Year</i>	81,771	978	254,879	31,260	62,075
<b><i>Fund Balances End of Year</i></b>	<b>\$ 108,654</b>	<b>\$ 978</b>	<b>\$ 400,610</b>	<b>\$ 30,687</b>	<b>\$ 99,172</b>

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Health District Special Revenue	Historical Society Special Revenue	Parks Special Revenue	Snowmobile Special Revenue	County Vessel Special Revenue
<b>Revenues</b>					
Taxes	\$ 632,250	\$ 14,971	\$ 214,737	\$ -	\$ -
Licenses and permits	-	-	-	103,985	-
Intergovernmental	-	2,830	1,945	37,246	692,027
Interest	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	63,274	-	-
Miscellaneous	-	-	17,881	2,225	-
<i>Total Revenues</i>	632,250	17,801	297,837	143,456	692,027
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Public safety	-	-	-	4,633	385,959
Sanitation	-	-	-	-	-
Health & welfare	669,065	-	-	-	-
Culture and recreation	-	17,834	261,591	87,764	289,892
Capital outlay:					
Capital expenditures	-	-	-	76,307	112,978
Construction in progress	-	-	57,451	-	50,623
<i>Total Expenditures</i>	669,065	17,834	319,042	168,704	839,452
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(36,815)	(33)	(21,205)	(25,248)	(147,425)
<b>Other Financing Sources (Uses)</b>					
Proceeds from Insurance	-	-	-	-	-
Transfers in	44,996	-	-	-	-
Transfers (out)	-	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	44,996	-	-	-	-
<i>Net Change in Fund Balances</i>	8,181	(33)	(21,205)	(25,248)	(147,425)
<i>Fund Balances Beginning of Year</i>	29,578	10,322	207,551	156,891	230,948
<b><i>Fund Balances End of Year</i></b>	<b>\$ 37,759</b>	<b>\$ 10,289</b>	<b>\$ 186,346</b>	<b>\$ 131,643</b>	<b>\$ 83,523</b>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Public Access Special Revenue	Indigent Special Revenue	FTA Public Trans. Special Revenue	District Court Special Revenue
<b>Revenues</b>				
Taxes	\$ -	\$ 1,517,556	\$ -	\$ 615,375
Licenses and permits	-	-	-	227
Intergovernmental	5,713	-	1,015,523	80,656
Interest	290	-	-	-
Fines and forfeitures	-	-	-	964,509
Charges for services	-	-	251,729	129,394
Miscellaneous	-	372,663	-	75,465
<i>Total Revenues</i>	6,003	1,890,219	1,267,252	1,865,626
<b>Expenditures</b>				
Current:				
General government	-	-	733,711	-
Public works	-	-	-	-
Public safety	-	-	-	1,960,238
Sanitation	-	-	-	-
Health & welfare	-	2,730,405	-	-
Culture and recreation	-	-	-	-
Capital outlay:				
Capital expenditures	-	-	533,541	-
Construction in progress	-	-	-	-
<i>Total Expenditures</i>	-	2,730,405	1,267,252	1,960,238
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	6,003	(840,186)	-	(94,612)
<b>Other Financing Sources</b>				
Proceeds from Insurance	-	-	-	20,325
Transfers in	-	1,010,000	-	-
Transfers (out)	-	-	-	-
<i>Total Other Financing Sources</i>	-	1,010,000	-	20,325
<i>Net Change in Fund Balances</i>	6,003	169,814	-	(74,287)
<i>Fund Balances Beginning of Year (deficit)</i>	63,111	(89,702)	-	1,292,730
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ 69,114</b>	<b>\$ 80,112</b>	<b>\$ -</b>	<b>\$ 1,218,443</b>

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Revaluation Special Revenue	Kootenai Emergency Management Special Revenue	Aquifer Protection District Special Revenue	Total Non-major Special Revenue Funds
<b>Revenues</b>				
Taxes	\$ 2,122,803	\$ 1,976,018	\$ 525,306	\$ 8,386,196
Licenses and permits	-	37,116	-	141,328
Intergovernmental	-	46,613	-	2,062,948
Interest	-	-	-	290
Fines and forfeitures	-	-	-	964,509
Charges for services	386	-	-	529,302
Miscellaneous	-	-	-	919,759
<i>Total Revenues</i>	2,123,189	2,059,747	525,306	13,004,332
<b>Expenditures</b>				
Current:				
General government	2,057,219	-	-	2,790,930
Public works	-	-	-	736,833
Public safety	-	2,355,888	-	4,706,718
Sanitation	-	-	-	418,504
Health & welfare	-	-	306,859	3,706,329
Culture and recreation	-	-	-	759,364
Capital outlay:				
Capital expenditures	7,560	-	-	730,386
Construction in progress	-	-	-	132,435
<i>Total Expenditures</i>	2,064,779	2,355,888	306,859	13,981,499
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	58,410	(296,141)	218,447	(977,167)
<b>Other Financing Sources</b>				
Proceeds from Insurance	-	-	-	20,325
Transfers in	-	-	-	1,062,496
Transfers (out)	-	-	(51,050)	(51,050)
<i>Total Other Financing Sources</i>	-	-	(51,050)	1,031,771
<i>Net Change in Fund Balances</i>	58,410	(296,141)	167,397	54,604
<i>Fund Balances Beginning of Year</i>	547,879	345,348	541,587	3,767,206
<b><i>Fund Balances End of Year</i></b>	<b>\$ 606,289</b>	<b>\$ 49,207</b>	<b>\$ 708,984</b>	<b>\$ 3,821,810</b>

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, 2011**

	General Construction Capital Projects	Total Non-major Capital Projects Funds
<b>Revenues</b>		
Intergovernmental	\$ 1,106,911	\$ 1,106,911
Miscellaneous	154,199	154,199
<i>Total Revenues</i>	1,261,110	1,261,110
<b>Expenditures</b>		
Capital outlay:		
Capital expenditures	257,787	257,787
Construction in progress	1,003,323	1,003,323
<i>Total Expenditures</i>	1,261,110	1,261,110
<i>Net Change in Fund Balances</i>	-	-
<i>Fund Balances Beginning of Year</i>	-	-
<b>Fund Balances End of Year</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Independent Auditors' Report*

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Centennial Trail and Tourism Promotion Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Centennial Trail Special Revenue Fund			Tourism Promotion Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 4,500	\$ 2,283	\$ (2,217)
Charges for services	15,000	15,000	-	-	-	-
Miscellaneous	-	4,383	4,383	-	-	-
<i>Total Revenues</i>	15,000	19,383	4,383	4,500	2,283	(2,217)
<b>Expenditures</b>						
Current:						
Culture and recreation	22,500	-	22,500	4,500	2,283	2,217
<i>Total Expenditures</i>	22,500	-	22,500	4,500	2,283	2,217
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(7,500)	19,383	26,883	-	-	-
<b>Other Financing Sources</b>						
Transfers In	7,500	7,500	-	-	-	-
<i>Total Other Financing Sources</i>	7,500	7,500	-	-	-	-
<i>Net Change in Fund Balances</i>	-	26,883	26,883	-	-	-
<i>Fund Balances Beginning of Year</i>	81,771	81,771	-	978	978	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ 81,771</b>	<b>\$ 108,654</b>	<b>\$ 26,883</b>	<b>\$ 978</b>	<b>\$ 978</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Airport and County Fair Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Airport Special Revenue Fund			County Fair Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 383,132	\$ 390,967	\$ 7,835	\$ 100,000	\$ 99,427	\$ (573)
Charges for services	56,000	69,459	13,459	-	-	-
Miscellaneous	312,362	446,499	134,137	-	-	-
<i>Total Revenues</i>	751,494	906,925	155,431	100,000	99,427	(573)
<b>Expenditures</b>						
Current:						
Public works	720,094	736,833	(16,739)	-	-	-
Culture and recreation	-	-	-	100,000	100,000	-
Capital outlay:						
Construction in progress	30,000	24,361	5,639	-	-	-
<i>Total Expenditures</i>	750,094	761,194	(11,100)	100,000	100,000	-
<i>Net Change in Fund Balances</i>	1,400	145,731	144,331	-	(573)	(573)
<i>Fund Balances Beginning of Year</i>	254,879	254,879	-	31,260	31,260	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ 256,279</b>	<b>\$ 400,610</b>	<b>\$ 144,331</b>	<b>\$ 31,260</b>	<b>\$ 30,687</b>	<b>\$ (573)</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Noxious Weeds and Health District Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Noxious Weeds Special Revenue Fund			Health District Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 274,563	\$ 276,786	\$ 2,223	\$ 624,069	\$ 632,250	\$ 8,181
Intergovernmental	41,750	178,112	136,362	-	-	-
Charges for services	-	60	60	-	-	-
Miscellaneous	2,419	643	(1,776)	-	-	-
<i>Total Revenues</i>	318,732	455,601	136,869	624,069	632,250	8,181
<b>Expenditures</b>						
Current:						
Sanitation	318,732	418,504	(99,772)	-	-	-
Health & welfare	-	-	-	669,065	669,065	-
<i>Total Expenditures</i>	318,732	418,504	\$ (99,772)	669,065	669,065	-
Deficiency of Revenues Under Expenditures	-	37,097	37,097	(44,996)	(36,815)	8,181
<b>Other Financing Sources</b>						
Transfers In	-	-	-	44,996	44,996	-
<i>Total Other Financing Sources</i>	-	-	-	44,996	44,996	-
<i>Net Change in Fund Balances</i>	-	37,097	37,097	-	8,181	8,181
<i>Fund Balances Beginning of Year</i>	62,075	62,075	-	29,578	29,578	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ 62,075</b>	<b>\$ 99,172</b>	<b>\$ 37,097</b>	<b>\$ 29,578</b>	<b>\$ 37,759</b>	<b>\$ 8,181</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Historical Society and Parks & Recreation Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Historical Society Special Revenue Fund			Parks Fund Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 15,000	\$ 14,971	\$ (29)	\$ 212,377	\$ 214,737	\$ 2,360
Intergovernmental	-	2,830	2,830	-	1,945	1,945
Charges for Services	-	-	-	62,287	63,274	987
Miscellaneous	-	-	-	38,081	17,881	(20,200)
<i>Total Revenues</i>	15,000	17,801	2,801	312,745	297,837	(14,908)
<b>Expenditures</b>						
Current:						
Culture and recreation	15,000	17,834	(2,834)	259,045	261,591	(2,546)
Capital outlay:						
Construction in Progress	-	-	-	53,700	57,451	(3,751)
<i>Total Expenditures</i>	15,000	17,834	(2,834)	312,745	319,042	(6,297)
<i>Net Change in Fund Balances</i>	-	(33)	(33)	-	(21,205)	(21,205)
<i>Fund Balances Beginning of Year</i>	10,322	10,322	-	207,551	207,551	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ 10,322</b>	<b>\$ 10,289</b>	<b>\$ (33)</b>	<b>\$ 207,551</b>	<b>\$ 186,346</b>	<b>\$ (21,205)</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Snowmobile and County Vessel Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Snowmobile Special Revenue Fund			County Vessel Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Licenses and permits	\$ 79,175	\$ 103,985	\$ 24,810	\$ -	\$ -	\$ -
Intergovernmental	40,000	37,246	(2,754)	697,234	692,027	(5,207)
Miscellaneous	53,524	2,225	(51,299)	171,874	-	(171,874)
<i>Total Revenues</i>	172,699	143,456	(29,243)	869,108	692,027	(177,081)
<b>Expenditures</b>						
Current:						
Public Safety	5,000	4,633	367	401,538	385,959	15,579
Culture and recreation	87,699	87,764	(65)	297,338	289,892	7,446
Capital outlay:						
Capital expenditures	80,000	76,307	3,693	37,210	112,978	(75,768)
Construction in progress	-	-	-	133,000	50,623	82,377
<i>Total Expenditures</i>	172,699	168,704	3,995	869,086	839,452	29,634
<i>Net Change in Fund Balances</i>	-	(25,248)	(25,248)	22	(147,425)	(147,447)
<i>Fund Balances Beginning of Year</i>	156,891	156,891	-	230,948	230,948	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ 156,891</b>	<b>\$ 131,643</b>	<b>\$ (25,248)</b>	<b>\$ 230,970</b>	<b>\$ 83,523</b>	<b>\$ (147,447)</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Public Access and Indigent Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Public Access Special Revenue Fund			Indigent Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,487,882	\$ 1,517,556	\$ 29,674
Intergovernmental	6,200	5,713	(487)	-	-	-
Interest	800	290	(510)	-	-	-
Miscellaneous	-	-	-	350,000	372,663	22,663
<i>Total Revenues</i>	7,000	6,003	(997)	1,837,882	1,890,219	52,337
<b>Expenditures</b>						
Current:						
Culture and recreation	7,000	-	7,000	-	-	-
Health & welfare	-	-	-	2,845,582	2,730,405	115,177
<i>Total Expenditures</i>	7,000	-	7,000	2,845,582	2,730,405	115,177
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	6,003	6,003	(1,007,700)	(840,186)	167,514
<b>Other Financing Sources</b>						
Transfers in	-	-	-	1,010,000	1,010,000	-
<i>Total Other Financing Sources</i>	-	-	-	1,010,000	1,010,000	-
<i>Net Change in Fund Balances</i>	-	6,003	6,003	2,300	169,814	167,514
<i>Fund Balances Beginning of Year (deficit)</i>	63,111	63,111	-	(89,702)	(89,702)	-
<b><i>Fund Balances End of Year (deficit)</i></b>	<b>\$ 63,111</b>	<b>\$ 69,114</b>	<b>\$ 6,003</b>	<b>\$ (87,402)</b>	<b>\$ 80,112</b>	<b>\$ 167,514</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**FTA Public Transportation Funds**  
**For the Year Ended September 30, 2011**

	Public Transportation Special Revenue Fund		Variance with Final Budge Over (Under)
	Final Budgeted Amounts	Actual Amounts	
<b>Revenues</b>			
Intergovernmental	\$ 735,301	\$ 1,015,523	\$ 280,222
Charges for services	703,119	251,729	(451,390)
<i>Total Revenues</i>	1,438,420	1,267,252	(171,168)
<b>Expenditures</b>			
Current:			
General government	1,438,420	733,711	704,709
Capital outlay:			
Capital expenditures	-	533,541	(533,541)
<i>Total Expenditures</i>	1,438,420	1,267,252	171,168
<i>Net Change in Fund Balances</i>	-	-	-
<i>Fund Balances Beginning of Year</i>	-	-	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2011**

	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)
<b>Revenues</b>						
Taxes	\$ 601,576	\$ 615,375	\$ 13,799	\$ 2,097,233	\$ 2,122,803	\$ 25,570
Licenses and permits	-	227	227	-	-	-
Intergovernmental	-	80,656	80,656	-	-	-
Fines and Forfeitures	989,000	964,509	(24,491)	-	-	-
Charges for services	155,000	129,394	(25,606)	750	386	(364)
Miscellaneous	210,550	75,465	(135,085)	89,520	-	(89,520)
<i>Total Revenues</i>	1,956,126	1,865,626	(90,500)	2,187,503	2,123,189	(64,314)
<b>Expenditures</b>						
Current:						
General government	-	-	-	2,170,255	2,057,219	113,036
Public Safety	1,972,957	1,960,238	12,719	-	-	-
Capital outlay:						
Capital expenditures	4,650	-	4,650	7,560	7,560	-
<i>Total Expenditures</i>	1,977,607	1,960,238	17,369	2,177,815	2,064,779	113,036
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(21,481)	(94,612)	(73,131)	9,688	58,410	48,722
<b>Other Financing Sources</b>						
Proceeds from Insurance	-	20,325	20,325	-	-	-
Transfer in	21,481	-	(21,481)	812	-	(812)
<i>Total Other Financing Sources</i>	21,481	20,325	(1,156)	812	-	(812)
<i>Net Change in Fund Balances</i>	-	(74,287)	(74,287)	10,500	58,410	47,910
Fund Balances Beginning of Year	1,292,730	1,292,730	-	547,879	547,879	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ 1,292,730</b>	<b>\$ 1,218,443</b>	<b>\$ (74,287)</b>	<b>\$ 558,379</b>	<b>\$ 606,289</b>	<b>\$ 47,910</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**Kootenai Emergency Management and Aquifer Protection District Special Revenue Funds**  
**For the Year Ended September 30, 2011**

	Kootenai Emergency Management Special Revenue Fund			Aquifer Protection District Special Revenue Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>						
Taxes	\$ 1,946,118	\$ 1,976,018	\$ 29,900	\$ 521,000	\$ 525,306	\$ 4,306
Licenses and permits	61,274	37,116	(24,158)	-	-	-
Intergovernmental	-	46,613	46,613	-	-	-
<i>Total Revenues</i>	2,007,392	2,059,747	52,355	521,000	525,306	4,306
<b>Expenditures</b>						
Current:						
Public Safety	2,007,392	2,355,888	(348,496)	-	-	-
Health & welfare	-	-	-	521,000	306,859	214,141
<i>Total Expenditures</i>	2,007,392	2,355,888	(348,496)	521,000	306,859	214,141
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	-	(296,141)	(296,141)	-	218,447	218,447
<b>Other Financing Sources</b>						
Transfer out	-	-	-	-	(51,050)	(51,050)
<i>Total Other Financing Sources</i>	-	-	-	-	(51,050)	(51,050)
<i>Net Change in Fund Balances</i>	-	(296,141)	(296,141)	-	167,397	167,397
<i>Fund Balances Beginning of Year</i>	345,348	345,348	-	541,587	541,587	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ 345,348</b>	<b>\$ 49,207</b>	<b>\$ (296,141)</b>	<b>\$ 541,587</b>	<b>\$ 708,984</b>	<b>\$ 167,397</b>

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual**  
**General Construction Capital Projects Funds**  
**For the Year Ended September 30, 2011**

	General Construction Capital Project Fund		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Over (Under)
<b>Revenues</b>			
Intergovernmental	\$ 1,106,911	\$ 1,106,911	\$ -
Miscellaneous	154,522	154,199	(323)
<i>Total Revenues</i>	1,261,433	1,261,110	(323)
<b>Expenditures</b>			
Capital outlay:			
Capital expenditures	-	257,787	(257,787)
Construction in progress	1,261,433	1,003,323	258,110
<i>Total Expenditures</i>	1,261,433	1,261,110	323
<i>Net Change in Fund Balances</i>	-	-	-
<i>Fund Balances Beginning of Year</i>	-	-	-
<b><i>Fund Balances End of Year</i></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report

## **Fiduciary Funds**

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the County's own programs. The following provides a brief description of the County's fiduciary funds:

**State of Idaho Agency Fund** - accounts for fines, fees, and charges collected on behalf of the State through County operations. County departments collecting State receipts include District Court, Vehicle and Driver Licensing, and Tax Collector for Forest Protection fees.

**Taxing Districts Agency Funds** account for property tax collected by the county but due to the underlying taxing districts. These agencies include Cities, Highway Districts, School Districts, Fire Districts, Public Library, Water & Sewer Districts, North Idaho College, and Urban Renewal Districts.

**Private Purpose Trust Funds** are resources held by Kootenai County in a trustee capacity for other individuals and governmental entities. These trust funds are custodial in nature that hold assets including undistributed tax collections, district court holdings, law enforcement seizure assets, and unclaimed property.

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2011**  
**With Comparative Totals for September 30, 2010**

	Agency Funds			
	State of Idaho	Cities	Highway Districts	School Districts
<b>Assets</b>				
Cash in bank and investments	\$ 886,794	\$ 165,303	\$ 26,111	\$ 126,192
Receivables:				
Taxes delinquent	93,590	1,684,533	448,512	1,424,778
<b>Total Assets</b>	<b>\$ 980,384</b>	<b>\$ 1,849,836</b>	<b>\$ 474,623</b>	<b>\$ 1,550,970</b>
<b>Liabilities</b>				
Due to agency activity	\$ 980,384	\$ 1,849,836	\$ 474,623	\$ 1,550,970
<b>Total Liabilities</b>	980,384	1,849,836	474,623	1,550,970
<b>Net Assets</b>				
<b>Held in trust for other purposes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2011**  
**With Comparative Totals for September 30, 2010**

	Agency Funds			
	Fire Districts	Public Library	Water & Sewer Districts	North Idaho College
<b>Assets</b>				
Cash in bank and investments	\$ 70,153	\$ 11,435	\$ 9,796	\$ 51,022
Receivables:				
Taxes delinquent	635,411	144,913	61,219	663,614
<b>Total Assets</b>	<b>\$ 705,564</b>	<b>\$ 156,348</b>	<b>\$ 71,015</b>	<b>\$ 714,636</b>
<b>Liabilities</b>				
Due to agency activity	\$ 705,564	\$ 156,348	\$ 71,015	\$ 714,636
<b>Total Liabilities</b>	705,564	156,348	71,015	714,636
<b>Net Assets</b>				
<b>Held in trust for other purposes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2011**  
**With Comparative Totals for September 30, 2010**

	Agency Funds		Totals	
	Public Hospital	Urban Renewal Districts	2011	2010
<b>Assets</b>				
Cash in bank and investments	\$ -	\$ 45,224	\$ 1,392,030	\$ 1,441,621
Receivables:				
Taxes delinquent	-	703,162	5,859,732	5,586,090
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 748,386</b>	<b>\$ 7,251,762</b>	<b>\$ 7,027,711</b>
<b>Liabilities</b>				
Due to agency activity	\$ -	\$ 748,386	\$ 7,251,762	\$ 7,027,711
<b>Total Liabilities</b>	<b>-</b>	<b>748,386</b>	<b>7,251,762</b>	<b>7,027,711</b>
<b>Net Assets</b>				
<b>Held in trust for other purposes</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying Independent Auditors' Report*

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2011**  
**With Comparative Totals for September 30, 2010**

	Private Purpose Trust Funds	
	2011	2010
<b>Assets</b>		
Cash in bank and investments	\$ 3,480,067	\$ 3,339,374
Receivables:		
Taxes delinquent	33,883	-
Accounts Receivable, Net	6,487	42,765
<b>Total Assets</b>	<b>\$ 3,520,437</b>	<b>\$ 3,382,139</b>
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 20,734
Deferred property taxes	488,849	610,703
Due in more than one year	20,315	13,288
Due to other individuals	2,822,400	2,536,705
Due to other governments	65,530	94,238
<b>Total Liabilities</b>	<b>3,397,094</b>	<b>3,275,668</b>
<b>Net Assets</b>		
<b>Held in trust for other purposes</b>	<b>\$ 123,343</b>	<b>\$ 106,471</b>

*See accompanying Independent Auditors' Report*

**KOOTENAI COUNTY, IDAHO**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**For the Fiscal Year Ended September 30, 2011**

	Agency Funds			Balance 9/30/11
	Balance 10/1/10	Additions	Deletions	
<b>State of Idaho</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 1,788,921	\$ 17,328,106	\$ 18,230,233	\$ 886,794
Receivables:				
Taxes delinquent	79,204	2,004,319	1,989,933	93,590
<b>Total Assets</b>	<b>1,868,125</b>	<b>19,332,425</b>	<b>20,220,166</b>	<b>980,384</b>
<b>Liabilities</b>				
Due to agency activity	1,868,125	82,008,591	82,896,332	980,384
<b>Total Liabilities</b>	<b>\$ 1,868,125</b>	<b>\$ 82,008,591</b>	<b>\$ 82,896,332</b>	<b>\$ 980,384</b>
<b>Cities</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 952,912	\$ 32,937,410	\$ 33,725,019	\$ 165,303
Receivables:				
Taxes delinquent	2,089,944	30,854,924	31,260,335	1,684,533
<b>Total Assets</b>	<b>3,042,856</b>	<b>63,792,334</b>	<b>64,985,354</b>	<b>1,849,836</b>
<b>Liabilities</b>				
Due to agency activity	3,042,856	67,661,633	68,854,653	1,849,836
<b>Total Liabilities</b>	<b>\$ 3,042,856</b>	<b>\$ 67,661,633</b>	<b>\$ 68,854,653</b>	<b>\$ 1,849,836</b>
<b>Highway Districts</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 174,074	\$ 7,299,273	\$ 7,447,236	\$ 26,111
Receivables:				
Taxes delinquent	664,918	8,236,519	8,452,925	448,512
<b>Total Assets</b>	<b>838,992</b>	<b>15,535,792</b>	<b>15,900,161</b>	<b>474,623</b>
<b>Liabilities</b>				
Due to agency activity	838,992	16,584,276	16,948,645	474,623
<b>Total Liabilities</b>	<b>\$ 838,992</b>	<b>\$ 16,584,276</b>	<b>\$ 16,948,645</b>	<b>\$ 474,623</b>
<b>School Districts</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 700,731	\$ 28,562,001	\$ 29,136,540	\$ 126,192
Receivables:				
Taxes delinquent	2,052,033	29,348,379	29,975,634	1,424,778
<b>Total Assets</b>	<b>2,752,764</b>	<b>57,910,380</b>	<b>59,112,174</b>	<b>1,550,970</b>
<b>Liabilities</b>				
Due to agency activity	2,752,764	59,282,943	60,484,737	1,550,970
<b>Total Liabilities</b>	<b>\$ 2,752,764</b>	<b>\$ 59,282,943</b>	<b>\$ 60,484,737</b>	<b>\$ 1,550,970</b>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**For the Fiscal Year Ended September 30, 2011**

	Agency Funds			Balance 9/30/11
	Balance 10/1/10	Additions	Deletions	
<b>Fire Districts</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 348,283	\$ 12,552,345	\$ 12,830,475	\$ 70,153
Receivables:				
Taxes delinquent	879,361	12,455,949	12,699,899	635,411
<b>Total Assets</b>	<b>1,227,644</b>	<b>25,008,294</b>	<b>25,530,374</b>	<b>705,564</b>
<b>Liabilities</b>				
Due to agency activity	1,227,644	25,779,887	26,301,967	705,564
<b>Total Liabilities</b>	<b>\$ 1,227,644</b>	<b>\$ 25,779,887</b>	<b>\$ 26,301,967</b>	<b>\$ 705,564</b>
<b>Public Library</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 53,994	\$ 3,124,981	\$ 3,167,540	\$ 11,435
Receivables:				
Taxes delinquent	128,262	3,166,057	3,149,406	144,913
<b>Total Assets</b>	<b>182,256</b>	<b>6,291,038</b>	<b>6,316,946</b>	<b>156,348</b>
<b>Liabilities</b>				
Due to agency activity	182,256	6,413,179	6,439,087	156,348
<b>Total Liabilities</b>	<b>\$ 182,256</b>	<b>\$ 6,413,179</b>	<b>\$ 6,439,087</b>	<b>\$ 156,348</b>
<b>Water &amp; Sewer Districts</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 11,005	\$ 341,158	\$ 342,367	\$ 9,796
Receivables:				
Taxes delinquent	115,073	353,881	407,735	61,219
<b>Total Assets</b>	<b>126,078</b>	<b>695,039</b>	<b>750,102</b>	<b>71,015</b>
<b>Liabilities</b>				
Due to agency activity	126,078	708,819	763,882	71,015
<b>Total Liabilities</b>	<b>\$ 126,078</b>	<b>\$ 708,819</b>	<b>\$ 763,882</b>	<b>\$ 71,015</b>
<b>North Idaho College</b>				
<b>Assets</b>				
Cash in bank and investments	\$ 342,162	\$ 13,465,471	\$ 13,756,611	\$ 51,022
Receivables:				
Taxes delinquent	840,758	13,398,393	13,575,537	663,614
<b>Total Assets</b>	<b>1,182,920</b>	<b>26,863,864</b>	<b>27,332,148</b>	<b>714,636</b>
<b>Liabilities</b>				
Due to agency activity	1,182,920	27,654,286	28,122,570	714,636
<b>Total Liabilities</b>	<b>\$ 1,182,920</b>	<b>\$ 27,654,286</b>	<b>\$ 28,122,570</b>	<b>\$ 714,636</b>

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**For the Fiscal Year Ended September 30, 2011**

	Agency Funds			
	Balance 10/1/10	Additions	Deletions	Balance 9/30/11
<b><i>Kootenai County Public Hospital</i></b>				
<b>Assets</b>				
Cash in bank and investments	\$ -	\$ 12,576	\$ 12,576	\$ -
<b>Total Assets</b>	<b>-</b>	<b>12,576</b>	<b>12,576</b>	<b>-</b>
<b>Liabilities</b>				
Due to agency activity	-	12,576	12,576	-
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 12,576</b>	<b>\$ 12,576</b>	<b>\$ -</b>
<b><i>Urban Renewal Districts</i></b>				
<b>Assets</b>				
Cash in bank and investments	\$ 94,815	\$ 11,273,446	\$ 11,323,037	\$ 45,224
Receivables:				
Taxes delinquent	429,521	11,179,778	10,906,137	703,162
<b>Total Assets</b>	<b>524,336</b>	<b>22,453,224</b>	<b>22,229,174</b>	<b>748,386</b>
<b>Liabilities</b>				
Due to agency activity	524,336	22,224,309	22,000,259	748,386
<b>Total Liabilities</b>	<b>\$ 524,336</b>	<b>\$ 22,224,309</b>	<b>\$ 22,000,259</b>	<b>\$ 748,386</b>
<b><i>Total Agency Activity</i></b>				
<b>Total Assets</b>	<b>\$ 11,745,971</b>			<b>\$ 7,251,762</b>
<b>Total Liabilities</b>	<b>\$ 11,745,971</b>			<b>\$ 7,251,762</b>
<b>Private Purpose Trust Funds</b>				
	Balance 10/1/10	Additions	Deletions	Balance 9/30/11
<b>Assets</b>				
Cash in bank and investments	\$ 3,339,374	\$ 165,233,528	\$ 165,092,835	\$ 3,480,067
Receivables:				
Taxes delinquent	42,765	20,538	22,933	40,370
<b>Total Assets</b>	<b>3,382,139</b>	<b>165,254,065</b>	<b>165,115,768</b>	<b>3,520,437</b>
<b>Liabilities</b>				
Accounts payable	20,734	2,964,107	2,984,840	0
Deferred property taxes	610,703	152,508,515	152,630,369	488,849
Due in more than one year	13,288	74,697	67,671	20,315
Due to individuals	2,536,705	11,605,529	11,319,834	2,822,400
Due to other governments	94,238	1,558,412	1,587,120	65,530
<b>Total Liabilities</b>	<b>\$ 3,275,668</b>	<b>\$ 168,711,260</b>	<b>\$ 168,589,834</b>	<b>\$ 3,397,094</b>
<b>Net Assets End of Year</b>	<b>\$ 106,471</b>			<b>\$ 123,343</b>

See accompanying Independent Auditors' Report

# Statistical Section

## Waste-to-Energy Plant





**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.

<b>CONTENTS</b>	<b>Page</b>
Financial Trends .....	114
<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 .....	121
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity .....	129
<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 .....	131
<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 .....	134
<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 Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>Fiscal Year</u>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 29,841	\$ 31,012	\$ 32,657	\$ 35,833	\$ 44,717	\$ 47,604	\$ 46,749	\$ 49,558	\$ 50,237	\$ 51,342
Restricted	5,057	364	4,475	13,407	7,398	1,562	3,256	4,083	6,739	3,587
Unrestricted	7,601	8,035	10,650	14,879	18,788	22,769	22,242	24,149	24,431	27,311
<b>Total governmental activities net assets</b>	<b>\$ 42,499</b>	<b>\$ 39,411</b>	<b>\$ 47,782</b>	<b>\$ 64,119</b>	<b>\$ 70,903</b>	<b>\$ 71,935</b>	<b>\$ 72,247</b>	<b>\$ 77,790</b>	<b>\$ 81,407</b>	<b>\$ 82,240</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 1,437	\$ 2,830	\$ 1,883	\$ 3,350	\$ 3,134	\$ 13,296	\$ 22,970	\$ 28,681	\$ 28,905	\$ 26,800
Restricted	2,912	3,249	3,938	3,707	15,955	15,772	8,826	6,445	8,549	1,800
Unrestricted	17,461	18,561	20,702	22,821	13,924	7,820	9,076	6,962	6,399	16,137
<b>Total business-type activities net assets</b>	<b>\$ 21,810</b>	<b>\$ 24,640</b>	<b>\$ 26,523</b>	<b>\$ 29,878</b>	<b>\$ 33,013</b>	<b>\$ 36,888</b>	<b>\$ 40,872</b>	<b>\$ 42,088</b>	<b>\$ 43,853</b>	<b>\$ 44,737</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 31,278	\$ 33,842	\$ 34,540	\$ 39,183	\$ 47,851	\$ 60,900	\$ 69,719	\$ 78,239	\$ 79,142	\$ 78,142
Restricted	7,969	3,613	8,413	17,114	23,353	17,334	12,082	10,528	15,288	5,387
Unrestricted	25,062	26,596	31,352	37,700	32,712	30,589	31,318	31,111	30,830	43,448
<b>Total primary government net assets</b>	<b>\$ 64,309</b>	<b>\$ 64,051</b>	<b>\$ 74,305</b>	<b>\$ 93,997</b>	<b>\$ 103,916</b>	<b>\$ 108,823</b>	<b>\$ 113,119</b>	<b>\$ 119,878</b>	<b>\$ 125,260</b>	<b>\$ 126,977</b>

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 19,115	\$ 22,652	\$ 22,805	\$ 22,099	\$ 24,302	\$ 25,878	\$ 23,408	\$ 22,978	\$ 21,652	\$ 22,126
Public works	932	1,550	1,759	2,015	2,246	2,292	2,459	2,470	2,032	2,131
Public safety	19,902	18,029	18,421	21,565	23,289	26,488	30,030	30,492	31,144	34,056
Sanitation weed control	282	231	297	333	538	577	324	787	446	429
Health and welfare	2,168	2,095	2,614	2,940	2,912	2,660	3,312	2,966	4,929	4,020
Culture and recreation	214	867	959	966	1,100	1,085	844	944	796	950
Capital projects	131	28	64	73	9	47	38	-	-	-
Interest on long-term debt	793	754	640	519	169	55	37	32	30	-
<b>Total governmental activities expenses</b>	<b>43,537</b>	<b>46,206</b>	<b>47,559</b>	<b>50,510</b>	<b>54,565</b>	<b>59,082</b>	<b>60,452</b>	<b>60,669</b>	<b>61,029</b>	<b>63,712</b>
<b>Business-type activities:</b>										
Solid waste and landfill	6,162	5,076	6,509	5,898	7,377	7,379	7,922	8,901	8,779	9,439
<b>Total business-type activities expenses</b>	<b>6,162</b>	<b>5,076</b>	<b>6,509</b>	<b>5,898</b>	<b>7,377</b>	<b>7,379</b>	<b>7,922</b>	<b>8,901</b>	<b>8,779</b>	<b>9,439</b>
<b>Total primary government expenses</b>	<b>\$ 49,699</b>	<b>\$ 51,282</b>	<b>\$ 54,068</b>	<b>\$ 56,408</b>	<b>\$ 61,942</b>	<b>\$ 66,461</b>	<b>\$ 68,374</b>	<b>\$ 69,570</b>	<b>\$ 69,808</b>	<b>\$ 73,151</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 8,887	\$ 8,627	\$ 9,481	\$ 11,154	\$ 12,247	\$ 12,679	\$ 7,526	\$ 6,976	\$ 6,790	\$ 6,747
Public safety	5,269	6,670	7,946	8,495	9,897	10,491	8,998	9,202	9,710	10,371
Culture and recreation	455	474	518	536	476	656	429	484	411	451
Other activities	47	61	57	62	59	65	46	65	56	70
Operating grants and contributions	1,275	1,841	2,987	2,483	1,842	2,842	3,639	3,067	2,286	2,012
Capital grants and contributions	2,423	2,082	1,829	3,615	4,996	1,144	898	3,650	2,089	2,414
<b>Total governmental activities program revenues</b>	<b>18,356</b>	<b>19,755</b>	<b>22,818</b>	<b>26,345</b>	<b>29,517</b>	<b>27,877</b>	<b>21,536</b>	<b>23,444</b>	<b>21,342</b>	<b>22,065</b>
<b>Business-type activities:</b>										
Charges for services:										
Solid waste and landfill	7,493	7,774	8,363	9,034	9,801	10,300	11,195	10,006	10,594	10,597
Operating grants and contributions	-	6	7	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>7,493</b>	<b>7,780</b>	<b>8,370</b>	<b>9,034</b>	<b>9,801</b>	<b>10,300</b>	<b>11,195</b>	<b>10,006</b>	<b>10,594</b>	<b>10,597</b>
<b>Total primary government program revenues</b>	<b>\$ 25,849</b>	<b>\$ 27,535</b>	<b>\$ 31,188</b>	<b>\$ 35,379</b>	<b>\$ 39,318</b>	<b>\$ 38,177</b>	<b>\$ 32,731</b>	<b>\$ 33,450</b>	<b>\$ 31,936</b>	<b>\$ 32,662</b>

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

	<u>Fiscal Year</u>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (25,181)	\$ (26,451)	\$ (24,741)	\$ (24,165)	\$ (25,048)	\$ (31,205)	\$ (38,915)	\$ (37,225)	\$ (39,687)	\$ (41,647)
Business-type activities	1,330	2,704	1,860	3,135	2,424	2,921	3,273	1,105	1,815	1,158
<b>Total primary government net (expense)/revenue</b>	<b>\$ (23,851)</b>	<b>\$ (23,747)</b>	<b>\$ (22,881)</b>	<b>\$ (21,030)</b>	<b>\$ (22,624)</b>	<b>\$ (28,284)</b>	<b>\$ (35,642)</b>	<b>\$ 36,120</b>	<b>\$ (37,872)</b>	<b>\$ (40,489)</b>
<b>General Revenues and other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes, levied for general purposes	\$ 22,443	\$ 23,031	\$ 27,675	\$ 28,541	\$ 26,922	\$ 28,408	\$ 35,421	\$ 38,203	\$ 41,574	\$ 40,537
Sales and use taxes	5,446	14	4,664	10,119	1,879	-	-	-	-	-
Miscellaneous	628	672	1,150	965	1,037	1,392	1,620	3,545	784	927
Interest and investment earnings	627	417	335	756	1,475	1,917	1,747	500	434	240
Gain (Loss) on sale of assets/property	-	-	-	-	-	-	(116)	-	(10)	(41)
Transfers	638	(770)	(712)	519	519	519	556	521	521	816
<b>Total governmental activities</b>	<b>29,782</b>	<b>23,364</b>	<b>33,112</b>	<b>40,900</b>	<b>31,832</b>	<b>32,236</b>	<b>39,228</b>	<b>42,769</b>	<b>43,303</b>	<b>42,479</b>
<b>Business-type activities:</b>										
Interest and investment earnings	497	406	381	587	1,160	1,427	1,073	368	193	95
Miscellaneous	9	138	124	70	70	45	143	120	263	431
Gain (Loss) on sale of assets/property	-	-	-	77	(1)	-	50	-	15	17
Transfers	(399)	(419)	(482)	(519)	(519)	(519)	(556)	(377)	(521)	(816)
<b>Total business-type activities</b>	<b>107</b>	<b>125</b>	<b>23</b>	<b>215</b>	<b>710</b>	<b>953</b>	<b>710</b>	<b>111</b>	<b>(50)</b>	<b>(273)</b>
<b>Total primary government</b>	<b>\$ 29,889</b>	<b>\$ 23,489</b>	<b>\$ 33,135</b>	<b>\$ 41,115</b>	<b>\$ 32,542</b>	<b>\$ 33,189</b>	<b>\$ 39,938</b>	<b>\$ 42,880</b>	<b>\$ 43,253</b>	<b>\$ 42,206</b>
<b>Change in Net Assets</b>										
Governmental activities	\$ 4,600	\$ (3,088)	\$ 8,371	\$ 16,735	\$ 6,784	\$ 1,031	\$ 313	\$ 5,544	\$ 3,616	\$ 832
Business-type activities	1,437	2,830	1,883	3,350	3,134	3,874	3,983	1,216	1,765	885
<b>Total primary government</b>	<b>\$ 6,037</b>	<b>\$ (258)</b>	<b>\$ 10,254</b>	<b>\$ 20,085</b>	<b>\$ 9,918</b>	<b>\$ 4,905</b>	<b>\$ 4,296</b>	<b>\$ 6,760</b>	<b>\$ 5,381</b>	<b>\$ 1,717</b>

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

Fiscal Year	Property Tax	Resort Sales Tax <sup>1</sup>	Total
2002	\$ 22,443	\$ 5,446	\$ 27,889
2003	23,028	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
2008	35,421	-	35,421
2009	38,203	-	38,203
2010	41,574	-	41,574
2011	40,537	-	40,537

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010 <sup>a</sup>	2011 <sup>b</sup>
<b>General fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18
Restricted	-	-	-	-	-	-	-	-	-	1,087
Committed	-	-	-	-	-	-	-	-	-	7,079
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	20,150
Reserved	261	256	237	1,666	2,382	3,576	3,136	4,011	5,262	-
Unreserved	7,153	8,004	9,855	13,833	18,443	20,207	21,549	21,759	22,687	-
<b>Total general fund</b>	<b>\$ 7,414</b>	<b>\$ 8,260</b>	<b>\$ 10,092</b>	<b>\$ 15,499</b>	<b>\$ 20,825</b>	<b>\$ 23,783</b>	<b>\$ 24,685</b>	<b>\$ 25,770</b>	<b>\$ 27,949</b>	<b>\$ 28,334</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Restricted	-	-	-	-	-	-	-	-	-	2,499
Committed	-	-	-	-	-	-	-	-	-	1,322
Assigned	-	-	-	-	-	-	-	-	-	-
Reserved	4,796	109	4,239	11,741	4,083	62	120	72	1,476	-
Unreserved, reported in:										
Special revenue funds	729	385	1,002	1,239	1,504	2,954	2,716	3,318	2,290	-
Capital projects funds	(281)	(183)	(208)	(193)	(226)	(224)	(261)	-	-	-
Jail tax payment fund	-	(171)	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 5,244</b>	<b>\$ 140</b>	<b>\$ 5,033</b>	<b>\$ 12,787</b>	<b>\$ 5,361</b>	<b>\$ 2,792</b>	<b>\$ 2,575</b>	<b>\$ 3,390</b>	<b>\$ 3,766</b>	<b>\$ 3,822</b>

Notes:  
<sup>a</sup> Years prior to and including 2010 use the old fund balance classifications prior to GASB 54. These classifications include Reserved and Unreserved.  
<sup>b</sup> In 2011, the fund balance classifications have been changed to reflect the implementation of GASB 54. These classifications include Nonspendable, Restricted, Committed, Assigned, and Unassigned.

**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>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$ 27,762	\$ 22,926	\$ 32,335	\$ 38,659	\$ 28,786	\$ 28,307	\$ 35,484	\$ 37,615	\$ 41,267	\$ 41,169
Licenses and permits	1,183	1,250	1,323	1,413	1,376	1,433	1,489	1,432	1,398	1,443
Intergovernmental	8,935	9,182	10,916	12,693	14,420	11,485	11,265	13,889	12,121	12,128
Interest	627	417	335	756	1,475	1,917	1,747	500	433	240
Fines and forfeitures	908	1,026	989	1,000	1,057	1,297	1,305	1,356	1,364	1,276
Charges for services	7,331	8,297	9,590	7,112	8,247	8,384	7,360	6,826	6,591	6,533
Miscellaneous	574	583	935	965	1,037	2,026	1,638	3,527	1,302	1,600
<b>Total revenues</b>	<b>47,320</b>	<b>43,681</b>	<b>56,423</b>	<b>62,598</b>	<b>56,398</b>	<b>54,849</b>	<b>60,288</b>	<b>65,145</b>	<b>64,476</b>	<b>64,389</b>
<b>Expenditures</b>										
General government	16,512	21,338	21,878	19,528	21,410	22,511	22,620	22,233	21,244	21,283
Public works	1,215	602	586	612	642	680	711	746	754	737
Public safety	18,627	17,058	17,115	18,877	20,414	22,391	29,073	29,115	29,676	32,096
Sanitation weed control	-	223	291	283	490	550	293	778	445	418
Health & welfare	2,168	2,092	2,609	2,713	2,665	2,598	3,305	2,979	4,927	4,021
Culture and recreation	214	773	880	793	914	893	715	737	678	759
Capital projects	130	28	64	73	9	47	9	-	-	-
<b>Debt Service:</b>										
Principal retirement	1,412	1,580	1,700	1,747	5,592	596	84	85	87	508
Interest expense	730	690	588	480	160	59	37	32	30	23
<b>Capital Outlay:</b>										
Capital expenditures	6,594	1,595	943	926	2,047	3,688	2,254	2,938	2,836	2,760
Construction in progress	-	1,305	2,563	4,337	4,681	975	1,068	4,141	1,790	2,202
<b>Total expenditures</b>	<b>47,602</b>	<b>47,284</b>	<b>49,217</b>	<b>50,369</b>	<b>59,024</b>	<b>54,988</b>	<b>60,169</b>	<b>63,784</b>	<b>62,467</b>	<b>64,807</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(282)</b>	<b>(3,603)</b>	<b>7,206</b>	<b>12,229</b>	<b>(2,626)</b>	<b>(139)</b>	<b>119</b>	<b>1,361</b>	<b>2,009</b>	<b>(418)</b>
<b>Other financing sources (uses)</b>										
Proceeds notes payable	-	-	-	-	-	-	-	-	-	-
Proceeds capital leases	969	21	48	-	-	-	-	-	-	-
Proceeds on asset disposal	54	89	224	-	-	-	-	-	-	-
Proceeds insurance	5	5	8	13	7	9	9	18	25	42
Transfers in	5,227	6,524	4,954	4,930	11,433	9,837	5,114	5,472	3,876	1,885
Transfers out	(4,589)	(7,294)	(5,666)	(4,410)	(10,914)	(9,318)	(4,557)	(4,951)	(3,355)	(1,069)
<b>Total other financing sources (uses)</b>	<b>1,666</b>	<b>(655)</b>	<b>(432)</b>	<b>533</b>	<b>526</b>	<b>528</b>	<b>566</b>	<b>539</b>	<b>546</b>	<b>858</b>
<b>Net change in fund balances</b>	<b>\$ 1,384</b>	<b>\$ (4,258)</b>	<b>\$ 6,774</b>	<b>\$ 12,762</b>	<b>\$ (2,100)</b>	<b>\$ 389</b>	<b>\$ 685</b>	<b>\$ 1,900</b>	<b>\$ 2,555</b>	<b>\$ 440</b>
 Debt service as a percentage of non-capital expenditures	5.5%	5.4%	5.3%	5.2%	12.4%	1.3%	0.2%	0.2%	0.2%	0.9%

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

Fiscal Year	Property Tax	Resort Sales Tax <sup>1</sup>	Total
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
2008	35,484	-	35,484
2009	37,614	-	37,614
2010	41,267	-	41,267
2011	41,169	-	41,169

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

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

Property Tax Year	Assessed Valuation	Homeowner's Exemptions	Net Taxable Value	Valuation Increase (Decrease)		Tax Rate per \$1,000 Value <sup>(1)</sup>
				Amount	Percentage	
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
2007	19,622,039,622	2,907,974,690	16,714,064,932	1,996,511,064	13.57%	1.96
2008	18,493,390,148	3,115,620,726	15,388,869,422	(1,336,295,510)	-8.00%	2.21
2009	17,827,693,186	3,038,098,804	14,789,594,382	(588,175,040)	-3.82%	2.52
2010	15,850,875,155	2,864,229,504	12,986,645,651	(1,802,948,731)	-12.19%	2.94

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

Notes:

Values based on 2010 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>County Direct Rates</b>										
Current Expense	1.23	0.97	1.01	0.87	0.52	0.51	0.56	0.65	0.75	0.76
Liability Insurance	0.10	0.10	0.09	0.06	0.04	0.03	0.03	0.04	0.04	0.05
Airport Fund	0.03	0.08	0.07	0.05	0.04	0.03	0.02	0.03	0.03	0.03
Indigent Fund	0.20	0.19	0.17	0.14	0.09	0.09	0.09	0.10	0.12	0.24
District Court Fund	0.01	0.02	0.03	0.05	0.06	0.05	0.05	0.05	0.05	0.04
County Fair	0.02	0.02	0.01	0.01	0.01	0.00	0.01	0.01	0.01	0.00
Health District Fund	0.08	0.08	0.07	0.05	0.04	0.04	0.04	0.04	0.05	0.05
Noxious Weed Control	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.01	0.02	0.02
Parks Fund	0.01	0.02	0.02	0.02	0.01	0.01	0.02	0.01	0.02	0.01
Revaluation Fund	0.17	0.25	0.25	0.19	0.14	0.11	0.13	0.14	0.16	0.17
Justice Fund	1.78	1.91	1.89	1.48	1.15	1.07	1.24	1.44	1.69	1.82
Property Tax Relief	(0.52)	(0.01)	(0.16)	(0.49)	(0.28)	0.00	0.00	0.00	0.00	0.00
County Direct Rate	3.14	3.66	3.48	2.46	1.84	1.96	2.21	2.52	2.94	3.19
<b>City Rates</b>										
Athol	3.62	3.93	3.60	3.07	2.50	2.09	2.40	2.77	2.96	3.51
Coeur d'Alene	5.67	5.70	5.56	5.10	4.21	3.99	4.51	4.92	5.76	6.28
Dalton Gardens	0.53	0.54	0.52	0.43	0.31	0.30	3.53	0.44	0.53	0.54
Fernan	2.08	1.79	1.39	1.11	0.90	0.82	1.00	1.20	1.34	1.37
Harrison	3.72	3.79	3.77	3.26	2.17	1.65	1.77	2.09	2.78	2.95
Hauser Lake	0.45	0.56	0.58	0.48	0.34	0.33	0.34	0.42	0.49	0.52
Hayden	1.15	1.14	1.09	0.93	0.76	0.72	0.82	0.95	1.11	1.23
Hayden Lake	0.79	0.74	0.71	0.57	0.40	0.36	0.39	0.47	0.60	0.64
Huetter	5.91	5.91	6.17	5.34	4.45	3.21	3.36	3.56	4.90	5.42
Post Falls	5.33	5.47	5.35	4.64	4.05	3.87	4.56	4.96	5.21	5.71
Rathdrum	4.01	4.17	4.20	3.84	3.54	3.43	3.68	4.03	4.71	5.04
Spirit Lake	5.62	5.76	5.16	4.73	3.46	3.37	3.49	4.17	4.93	5.70
Worley	2.70	2.83	2.90	2.41	1.81	1.95	2.47	3.11	3.06	4.07
<b>School District Rates<sup>a</sup></b>										
Coeur d'Alene # 271	6.26	6.51	6.29	5.23	1.12	1.14	1.17	1.11	1.50	2.17
Lakeland Joint #272	5.10	5.66	5.92	4.76	1.60	1.33	1.85	2.10	3.58	3.78
Post Falls # 273	6.18	6.43	6.28	5.61	2.23	2.08	2.29	2.36	2.58	2.83
Kootenai # 274	4.01	5.36	5.51	5.03	1.40	1.11	1.09	0.99	1.16	1.82
Kellogg Joint #391	8.18	7.76	8.61	7.48	4.45	3.64	5.08	6.12	6.17	6.62
Plummer-Worley Joint #44	3.25	3.36	3.36	2.67	0.04	0.05	0.06	0.06	1.44 <sup>(b)</sup>	1.43
<b>Highway District Rates</b>										
Post Falls # 1	0.60	0.58	0.57	0.47	0.36	0.31	0.31	0.38	0.45	0.49
Lakes # 2	0.88	0.84	0.78	0.59	0.45	0.42	0.47	0.55	0.67	0.72
Eastside # 3	0.63	0.63	0.61	0.48	0.33	0.52	0.56	0.40	0.49	0.56
Worley # 4	1.31	1.26	1.19	0.95	0.67	0.62	0.68	0.75	0.87	1.00

*continued*

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

	FISCAL YEAR									
	2002	2003	2004 <sup>(a)</sup>	2005 <sup>(a)</sup>	2006	2007	2008	2009	2010	2011
<b>Fire District Rates</b>										
Eastside	1.34	1.31	1.22	0.85	0.60	0.56	0.50	0.53	0.62	0.73
Hauser Lake	0.83	1.20	1.22	0.98	0.74	0.72	0.77	0.96	1.21	1.32
Northern Lakes	1.25	1.24	1.18	0.95	0.75	0.71	0.81	0.96	1.18	1.31
KC Fire & Rescue	1.69	2.13	2.06	1.72	1.34	1.27	1.40	1.66	1.86	1.99
Mica Kidd Island	0.88	0.78	0.72	0.55	0.34	0.33	0.36	0.40	0.48	0.56
Shoshone County #2	2.33	2.37	2.39	2.07	1.43	1.20	1.19	1.38	1.57	1.77
Spirit Lake	1.23	1.22	1.18	0.97	0.74	0.72	0.73	0.80	0.95	1.04
St. Maries	0.96	0.97	0.99	0.95	0.80	0.77	0.68	0.75	0.81	0.82
Timberlake	2.21	2.16	1.38	1.09	0.81	0.68	0.82	0.91	1.13	1.21
Worley	1.04	1.00	0.92	0.77	0.52	0.48	0.68	0.57	0.66	0.76
<b>Water/Sewer District Rates</b>										
Cataldo Water	0.66	0.38	0.69	0.58	0.44	0.38	0.37	0.42	0.44	0.48
Cleland Bay Sewer	0.54	0.51	0.48	0.43	0.24	0.23	0.25	0.26	0.29	0.31
Hayden Lake Sewer	0.07	0.07	0.07	0.05	0.03	0.03	0.03	0.04	0.05	0.05
Kidd Island Bay Sewer	0.74	0.65	0.56	0.40	0.35	0.33	0.34	0.36	0.43	0.50
Kingston-Cataldo Sewer	0.76	0.78	0.79	0.66	0.51	0.46	0.48	0.52	0.52	0.58
Kootenai Water #1	1.79	1.80	1.69	1.35	0.78	0.72	0.95	1.19	1.18	1.53
<b>Other Special District Rates</b>										
Kootenai										
Consolidated Library	0.28	0.27	0.29	0.23	0.17	0.16	0.17	0.20	0.31	0.36
KCEMSS	0.33	0.33	0.16	0.14	0.10	0.10	0.10	0.13	0.15	0.16
North Idaho College	0.77	0.77	0.74	0.71	0.53	0.51	0.73	0.83	1.00	1.10
Flood Control #17	0.36	0.45	0.67	0.53	0.35	0.30	0.32	0.37	0.41	0.45

Notes:

- All Urban Renewal Districts have been omitted from this schedule.

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

<sup>(b)</sup> In 2010, the Idaho State Board of Education approved School District 44J's application for State financial support of plant & facilities. Payment for the financial support is generated through a property tax levy, which created an increase to the direct rate paid by taxpayers in Plummer/Worley School District 44J.

**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
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
2008	0.002208093	0.029136659	0.002024165	0.011535480	0.008002726	0.002419455	0.100582832
2009	0.002517338	0.033080036	0.002075446	0.012734394	0.008922918	0.002783615	0.106249230
2010	0.002940391	0.038373823	0.002481024	0.016415676	0.010491113	0.002921322	0.137520768
2011	0.003195029	0.043042145	0.002783659	0.018686644	0.011562790	0.003485345	0.136462468

Tax Year 2011	Cities	Highways	Schools	Fire	Water & Sewer	Other
Number of taxing districts	13	4	6	10	6	15
Average tax rate per district	0.003310934	0.000695915	0.003114441	0.001156279	0.000580891	0.009097498
Minimum levy rate	0.000528542	0.000498390	0.001441533	0.000567372	0.000056658	0.000367495
Maximum levy rate	0.005713423	0.001001429	0.006625336	0.001773458	0.001535190	0.015558499

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.

2011 Levies as of 9/30/11.

**KOOTENAI COUNTY, IDAHO**  
**Principal Property Taxpayers, Current Year and Ten Years Ago**  
**September 30, 2011**

Taxpayer	2011 <sup>1</sup>		Percentage of Net Taxes Due	2002		Percentage of Net Taxes Due
	Net Taxes Due	Rank		Net Taxes Due	Rank	
Avista Corporation	\$ 2,023,666	1	5.25%	\$ 380,626	2	1.89%
Rathdrum Power, LLC	1,488,323	2	3.86%	420,385	1	2.09%
Hagadone Hospitality Co., Duane B. Hagadone	1,371,754	3	3.56%	163,331	5	0.81%
Frontier Communications NW (formerly Verizon)	714,234	4	1.85%	308,271	3	1.53%
Wal-Mart Real Estate Business Trust, Wal-Mart Stores Inc.	547,688	5	1.42%	-	-	-
Idaho Forest Group, LLC	507,053	6	1.32%	-	-	-
Gas Transmission Northwest Co.	500,545	7	1.30%	-	-	-
Post Falls Retirement Real Estate Investors LLC	498,721	8	1.29%	-	-	-
Kimball International Market Inc., Kimball Furniture Group Inc.	418,747	9	1.09%	118,394	6	0.59%
DBH Properties LP	327,914	10	0.85%	-	-	-
N Idaho Surgical Hospital Bldg LLC	303,093	11	0.79%	-	-	-
Silverwood Inc.	298,854	12	0.78%	-	-	-
CDA Courthouse LLC c/o JDL Enterprises LLC	282,592	13	0.73%	-	-	-
Stephen F Meyer, ETUX	277,927	14	0.72%	51,923	11	0.26%
BNSF Railway Company	270,214	15	0.70%	-	-	-
Stimson Lumber Company	-	-	-	110,052	7	0.55%
Puryear Family LPT	-	-	-	29,803	14	0.15%
PG & E Gas Transmission, NW	-	-	-	174,462	4	0.87%
Inland Empire Paper Company	-	-	-	58,926	10	0.29%
CDA Factory Outlets, Ltd Partnership	-	-	-	28,146	15	0.14%
Kootenai Cable, Inc.	-	-	-	49,923	12	0.25%
Price Development Company LPT	-	-	-	88,954	9	0.44%
Burlington No & Santa Fe RR	-	-	-	104,485	8	0.52%
Rivermill Investments LLC	-	-	-	31,198	13	0.15%
Sub Total	9,831,325		25.52%	2,118,879		10.52%
All Other Taxpayers	28,691,672		74.48%	18,021,512		89.48%
<b>Total Net Taxes Due to Kootenai County</b>	<b>\$ 38,522,997</b>		<b>100.00%</b>	<b>\$ 20,140,391</b>		<b>100.00%</b>

Due to the 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.

The report is now based on net taxes due to Kootenai County. For the historical data, an overall County average property tax percentage was applied.

Notes:

<sup>1</sup> Based on 2011 Net Taxes due as of December 20, 2011.

**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
2002	20,662,654	19,448,102	94.12%	1,121,940	20,570,042	99.55%
2003	20,230,349	19,062,164	94.23%	1,074,088	20,136,252	99.53%
2004	24,961,652	23,500,153	94.15%	1,299,037	24,799,190	99.35%
2005	26,229,791	25,576,366	97.51%	625,901	26,202,267	99.90%
2006	26,196,048	25,549,355	97.53%	527,588	26,076,943	99.55%
2007	28,253,969	27,301,289	96.63%	952,680	28,253,969	100.00%
2008	33,073,659	31,508,794	95.27%	1,003,848	32,512,642	98.30%
2009	35,315,162	34,007,744	96.30%	1,307,418	35,315,162	100.00%
2010	38,012,979	37,660,552	99.07%	352,427	38,012,979	100.00%
2011	38,522,997	38,101,479	98.91%	200,157	38,301,636	99.43%

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>
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	16,120,068	406,921	453,036	2,152,291	14,827,734	1.96
2008	17,337,474	197,618	483,733	2,245,773	15,773,052	2.21
2009	15,960,248	404,418	481,025	2,133,204	14,712,487	2.52
2010	13,994,225	407,616	478,545	1,998,707	12,881,679	2.94
2011	13,005,232	94,106	448,973	1,736,789	11,762,576	3.19

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 2011 Tax Year**

<u>District</u>	<u>Foregone Amount</u>
Kootenai County	4,512,289
City of Athol	11,322
City of Coeur d'Alene	2,481,819
City of Dalton Gardens	1,045
City of Fernan Lake	8,741
City of Harrison	166
City of Hauser Lake	3
City of Hayden Lake	3,287
City of Post Falls	1,091,978
City of Rathdrum	154,206
City of Spirit Lake	25,370
KC Emergency Medical Services System	58,422
East Side Fire	99,492
Hauser Lake Fire	85
Kootenai County Fire & Rescue	414,835
Twin Lakes-Rathdrum Flood Control #17	18,577
Lakes Highway # 2	927,223
Post Falls Highway # 1	822,002
Worley Highway # 4	12,301
North Idaho College	103,396
Hayden Lake Rec Water/Sewer	11,063
Kidd Island Bay Sewer	4,385
Kingston Cataldo Sewer	3
Kootenai County Water #1	1,645

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 2011

Assessed Valuations:	
Assessed Value	\$ 13,487,505,975
Add Back Homestead Exemptions	2,692,219,372
<b>Total Assessed Value</b>	<b>\$ 16,179,725,347</b>
Legal Debt Margin	
Debt Limitation*: 2% of assessed market value	\$ 323,594,507
Less: Debt applicable to limitation:	
Solid Waste Refunding Bonds, Series 1993 <sup>1</sup>	-
<b>Legal Debt Margin</b>	<b>\$ 323,594,507</b>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$141,124,142	\$151,310,318	\$159,888,093	\$176,030,946	\$229,904,550	\$343,032,202	\$392,440,792	\$400,239,734	\$349,275,816	\$323,594,507
Total net debt applicable to limit	845,000	-	-	-	-	-	-	-	-	-
Legal debt margin	\$140,279,142	\$151,310,318	\$159,888,093	\$176,030,946	\$229,904,550	\$343,032,202	\$392,440,792	\$400,239,734	\$349,275,816	\$323,594,507
Total net debt applicable to the limit as a percentage of debt limit	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Direct and Overlapping Debt**  
**September 30, 2011**

Number of Issues	Jurisdiction	Net Debt Outstanding	Earliest Issue Date (Month/Year)	Oldest Maturity Date (Month/Year)
<b>Direct Debt:</b>				
0	Kootenai County	\$ -	N/A	N/A
<b>Direct Debt</b>		-		
<b>Overlapping Debt:</b>				
2	City of Coeur d'Alene	5,574,104	Aug/06	Sep/25
1	City of Hayden	680,930	Dec/09	Dec/39
8	City of Post Falls	11,193,330	Apr/93	Mar/27
1	City of Rathdrum	380,223	Jan/88	Mar/11
1	City of Spirit Lake	637,103	Aug/04	Feb/24
1	Coeur d'Alene SD #271	215,000	Oct/97	Aug/12
3	Lakeland SD #272	16,605,000	Dec/03	Aug/25
3	Post Falls SD #273	15,540,000	Dec/98	Aug/18
1	Kootenai Joint SD #274	406,087	Dec/02	Dec/12
2	Kellogg Joint SD #391	10,915,000	Oct/97	Sep/27
1	Plummer Worley #44 <sup>1</sup>	10,864,743	Sep/10	Sep/30
9	Lakes Highway District	190,000	Aug/11	Aug/20
20	Kootenai Consolidated Library	2,850,000	Oct/05	Oct/25
1	Flood Control District #17	111,724	May/05	May/20
1	Bayview Water/Sewer District	1,044,431	Nov/03	Dec/21
2	Green Ferry Water/Sewer District	85,193	Jul/88	Jun/18
2	Hayden Lake Recreational Sewer District	2,105,000	Dec/01	Dec/25
1	Kidd Island Bay Lots Sewer District	56,986	Apr/93	Apr/12
1	North Kootenai Water District	7,760,000	Nov/09	Sep/29
<b>Overlapping Debt</b>		87,214,854		
<b>Total Overlapping &amp; Underlying Debt</b>		<u>\$87,214,854</u>		

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

<sup>1</sup> In 2010, the Idaho State Board of Education approved School District 44J's application for State financial support of plant & facilities. Payment for the financial support is generated through a tax levy, which created an increase to the direct rate paid by taxpayers in Plummer/Worley School District 44J.

**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
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	2.6%
2006	131,507	3.0%	1,466,465	2.6%
2007	134,442	2.2%	1,499,402	2.2%
2008	137,457	2.3%	1,523,816	1.6%
2009	139,390	1.4%	1,545,801	1.4%
2010	138,494	-0.6%	1,567,582	1.4%
2011	N/A <sup>1</sup>	N/A	1,584,985 <sup>1</sup>	1.1%

Year	Per Capita Personal Income			Personal Income (thousands of dollars)	Annual Average Unemployment Rate <sup>5</sup>
	Kootenai County	State of Idaho	Kootenai Co. as a % of State of Idaho		
2002	24,164	25,476	94.9%	2,761,150	7.0%
2003	24,805	25,911	95.7%	2,917,364	6.4%
2004	25,297	26,877	94.1%	3,097,537	5.5%
2005	27,449	28,301	97.0%	3,444,620	4.5%
2006	29,356	29,920	98.1%	3,832,000	3.8%
2007	30,719	31,804	96.6%	4,123,000	3.0%
2008	31,079	32,133	96.7%	4,273,000	4.8%
2009	31,265	31,662	98.7%	4,422,208	8.1%
2010	31,770	31,986	99.3%	4,428,438	10.8%
2011	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A	N/A <sup>2</sup>	9.8% <sup>6</sup>

Year	School Enrollment <sup>(a) 3</sup>	Regular High School Diplomas <sup>(a) 4</sup>	Median Age	
			Year	Kootenai County / State of Idaho
2002	20,351	1,156	2001	36.4 / 33.4
2003	20,667	1,192	2002	36.6 / 33.5
2004	21,153	1,239	2003	36.8 / 33.8
2005	21,707	1,358	2004	37.0 / 34.2
2006	22,260	1,348	2005	36.9 / 34.6
2007	22,783	1,531	2006	37.1 / 34.2
2008	23,381	1,500	2007	37.3 / 34.3
2009	22,844	1,378	2008	38.3 / 34.3
2010	21,806	1,362	2009	38.1 / 34.0
2011	22,870	1,563	2010	39.1 / 34.7

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

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

<sup>1</sup> Population estimate by Idaho Department of Commerce & Labor as of July 1, 2010. No population or Median age information provided beyond 2009 due to Census.

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

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

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

<sup>5</sup> Annual average is calculated as the sum of the unemployment rate each month of the calendar year divided by 12.

<sup>6</sup> Preliminary

**KOOTENAI COUNTY, IDAHO  
Principal Employers  
Current Year and Ten Years Ago**

Employer	2011			2002		
	Range of Employees	Rank	Percentage of Total County Employment	Range of Employees	Rank	Percentage of Total County Employment
Kootenai Medical Center	1,500 - 1,999	1	2.90 - 3.86%	1,000 - 1,499	1	2.24 - 3.35%
Center Partners (CDA & Post Falls)	1,500 - 1,999	2	2.90 - 3.86%	-	-	-
Coeur d'Alene School District	1,000 - 1,499	3	1.93 - 2.89%	1,000 - 1,499	2	2.24 - 3.35%
Coeur d'Alene Resort	1,000 - 1,499	4	1.93 - 2.89%	600 - 699	5	1.34 - 1.56%
Coeur d'Alene Casino	900 - 999	5	1.74 - 1.92%	500 - 599	7	1.12 - 1.33%
Silverwood Inc.	800 - 899	6	1.55 - 1.73%	400 - 499	9	0.89 - 1.11%
Kootenai County	700 - 799	7	1.35 - 1.54%	600 - 699	4	1.34 - 1.56%
Wal-Mart	700 - 799	8	1.35 - 1.54%	300 - 399	10	0.67 - 0.88%
North Idaho College	700 - 799	9	1.35 - 1.54%	700 - 799	3	1.57 - 1.79%
Post Falls School District	500 - 599	10	0.97 - 1.16%	600 - 699	6	1.34 - 1.56%
Lakeland School District	-	-	-	500 - 599	8	1.12 - 1.33%
Kootenai County Non-Farm Payroll Employment Total <sup>1</sup>	52,708 <sup>2</sup>			44,707		
Average employment size of the 10 largest employers	1,055			736		

Source for Data: Idaho Department of Commerce & Labor

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

<sup>2</sup> Estimate

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

Institution Type	Number of Branches	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<i>(1) Data as of June 30th</i>											
Commercial Banks	47	\$ 1,740	\$ 1,837	\$ 1,749	\$ 1,537	\$ 1,611	\$ 1,435	\$ 1,302	\$ 1,271	\$ 1,002	\$ 923
FDIC Savings Banks	-	-	-	63	76	83	137	170	142	127	106
<b>Subtotal FDIC-Insured Institutions</b>	47	1,740	1,837	1,812	1,613	1,694	1,572	1,472	1,413	1,129	1,029
<i>(2) Data as of December 31st</i>											
Credit Unions	1	9	8	9	8	8	9	9	10	23	22
<b>Total</b>	48	\$ 1,749	\$ 1,845	\$ 1,821	\$ 1,621	\$ 1,702	\$ 1,581	\$ 1,481	\$ 1,423	\$ 1,152	\$ 1,051

Kootenai County's total deposit market share for all FDIC-Insured institutions rank at 9.22% 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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Function</b>										
General Government	249.5	270.6	275.6	280	282.4	301.9	296.2	304.35	308.8	273.3 <sup>2</sup>
Public Safety										
Sheriff	97.9	103.9	99.9	99.9	111.4	112.4	117.3	115.9	115.9	154.9 <sup>2</sup>
Jail	92.9	98.9	108.9	113.9	115.9	123.9	123.9	126.4	124.4	120.4
Justice	62.7	64.1	64.6	66.6	69.1	67.1	76.4	77.1	77.1	77.1
Public Health	31	34.5	35.5	35.5	36.5	37	36	39.85	38.9	38.9
Building	12.5	12.5	11	12	18	20	20	22	21	19
Public Works										
Airport	7	7	7	7.1	7.6	7.6	7.6	7.6	7.6	7.6
Solid Waste										
Transfer Station	36.6	37	39	44	43	50.5	69	70.33	64.3	61.0
Noxious Weed Control	3	3	2	2	2.6	2.6	2.6	3.6	3.6	2.6
Health & Welfare										
County Assistance	7	7	7	7	7	7	7	7	7	7
Culture & Recreation										
Snowmobile	0.5	1	1	-	-	0.5	2	1	1	1
Parks & Recreation	1	2.1	3	3	3.5	3.25	3	3.25	3.3	3.3
Waterways	5	5.5	3.5	3	3.5	3.25	3	3.25	3.3	3.3
Marine Deputy <sup>1</sup>	2	2	2	0.6	1	1	1	1.5	1.5	1.5
<b>Total</b>	<b>608.6</b>	<b>649.1</b>	<b>660</b>	<b>674.6</b>	<b>701.5</b>	<b>738</b>	<b>765</b>	<b>783.13</b>	<b>777.6</b>	<b>770.8</b>

Source: Kootenai County Adopted Budget documents

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

<sup>2</sup> Thirty seven (37) Emergency 9-1-1 employees were reclassified from General Government to Public Safety, Sheriff.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Police</b>										
Physical arrests	5,904	6,727	7,288	7,382	8,032	8,627	9,207	8,673	9,156	8,291
<b>District Court Caseloads</b>										
Felonies	695	825	928	1,003	981	930	1,925	1,836	2,028	1,957
Misdemeanors	7,154	8,370	8,492	7,540	8,770	12,672	12,308	11,801	11,195	10,217
Infractions	16,021	17,726	19,295	16,948	17,674	22,075	21,247	20,366	18,379	17,400
<b>Refuse Collection</b>										
Landfilled refuse <sup>1</sup>	113	119	136	138	140	138	130	123	123	122
Refuse collected <sup>1</sup>	144	150	168	182	195	191	183	157	150	144
Recyclables collected <sup>1</sup>	11.1	12.1	12.9	21.1	22	23	19	22	21	14
<b>Parks and Waterways</b>										
Improved facilities	23	24	24	24	24	24	24	24	24	24
<b>Airport</b>										
Hangars <sup>2</sup>	66	68	72	74	82	90	93	93	95	95

Sources: Various County Departments

<sup>1</sup> Amounts shown in thousands of tons.

<sup>2</sup> Each year reflects the cumulative total of completed hangars located at the Coeur d'Alene Airport.

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

Year	Residential		Commercial / Industrial	
	Permits	Value	Permits	Value
2002	384	68,390,040	87	16,937,617
2003	469	89,862,245	54	8,674,813
2004	498	114,339,369	40	7,251,883
2005	541	120,616,808	38	6,447,755
2006	404	98,374,385	52	9,904,072
2007	327	100,885,223	73	35,171,069
2008	217	70,192,691	46	20,580,311
2009	144	44,440,496	32	8,111,906
2010	145	42,458,717	23	7,672,725
2011	119	37,889,702	24	4,372,917

Notes:

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



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

<b>Function</b>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General government:</b>										
Land	\$ 1,523	\$ 1,894	\$ 1,931	\$ 1,931	\$ 1,931	\$ 2,327	\$ 2,336	\$ 3,023	\$ 3,023	\$ 3,232
Buildings	14,409	14,663	14,454	14,454	14,489	15,365	13,944	16,317	16,567	18,210
Improvements	-	-	3	33	42	41	60	60	60	61
Machinery and equipment	6,813	7,000	7,305	7,585	8,260	8,991	9,771	9,975	10,452	10,182
<b>Public works:</b>										
Land	986	1,819	1,819	1,828	1,828	1,828	1,828	1,828	1,828	1,828
Buildings	256	502	502	562	562	562	562	562	562	562
Improvements	13,396	13,219	13,222	17,440	17,445	20,470	25,239	25,239	25,247	26,143
Machinery and equipment	1,624	1,625	1,660	1,707	1,748	1,752	1,817	1,840	2,011	2,210
<b>Public safety:</b>										
Land	65	65	65	65	107	107	107	107	107	107
Buildings	9,090	20,184	20,213	20,213	20,223	20,552	22,718	21,667	21,774	20,280
Improvements	-	13	13	22	37	44	51	51	51	99
Machinery and equipment	5,606	5,954	6,108	6,313	7,112	8,680	8,704	8,879	10,076	10,062
<b>Sanitation:</b>										
Land	450	986	1,275	1,275	1,275	1,294	1,294	1,294	1,658	1,658
Buildings	183	183	572	572	572	572	632	632	632	613
Improvements	18,247	18,720	19,826	20,435	20,644	20,911	20,911	34,147	34,233	39,755
Machinery and equipment	5,447	6,215	6,535	6,855	7,330	8,075	9,179	9,521	10,518	10,475
<b>Health &amp; welfare:</b>										
Machinery and equipment	33	35	35	32	30	31	29	32	21	16
<b>Culture and recreation:</b>										
Land	85	250	249	249	249	249	249	249	249	249
Buildings	3,212 <sup>1</sup>	228	239	239	251	239	272	351	371	358
Improvements	140	136	585	591	611	1,201	1,201	1,201	1,201	1,206
Machinery and equipment	956 <sup>1</sup>	993	1,044	1,029	1,198	477	517	542	608	1,612
<b>Capital projects:</b>										
Construction in progress	11,298	1,588	3,684	3,157	7,641	5,789	11,872	9,484	12,205	9,168
<b>Total Capital Assets</b>	<b>\$ 93,819</b>	<b>\$ 96,272</b>	<b>\$ 101,339</b>	<b>\$ 106,587</b>	<b>\$ 113,585</b>	<b>\$ 119,557</b>	<b>\$ 133,293</b>	<b>\$ 147,001</b>	<b>\$ 153,454</b>	<b>\$ 158,086</b>

<sup>1</sup> 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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety:										
Kootenai County Sheriff										
Sheriff Office	1	1	1	1	1	1	1	1	1	1
Patrol Units	57	57	58	58	58	58	56	58	62	71
Public Safety Buildings	2	3	3	3	3	3	3	3	3	3
Sanitation:										
Ramsey Transfer Station										
Trash Rolloff Bins	15	20	34	34	37	36	36	21	21	21
Loaders	3	3	3	3	3	3	5	3	4	4
Tractor Trucks	5	6	6	5	6	6	6	3	3	3
Transfer Trailers	17	18	20	21	25	31	34	25	29	26
Prairie Transfer Station										
Trash Rolloff Bins	-	-	-	-	-	-	-	15	15	15
Loaders	-	-	-	-	-	-	-	2	2	2
Tractor Trucks	-	-	-	-	-	-	-	3	3	3
Transfer Trailers	-	-	-	-	-	-	-	8	8	8
Fighting Creek Landfill										
Heavy Machinery & Equipment	8	8	8	9	9	13	17	18	20	23
Culture and Recreation:										
Waterways/ Park & Recreation										
Pumpouts	10	10	10	10	10	10	9	9	9	9
Vault Toilets										
Wood	7	7	7	7	7	7	7	7	7	7
Concrete	2	3	3	3	4	3	3	6	7	7

Sources: Various County Departments

# SINGLE AUDIT SECTION

In today's community sustainability environment, the solid waste industry is no longer responsible for simply disposing of garbage. The solid waste industry is now placed in a foremost position of being "Good Stewards" of the environment. There are many ways that Kootenai County Solid Waste is making a cleaner more environmentally sound community for future generations. Not only are there current guidelines and established policies in order to ensure prolonged sustainability of the surrounding land, surface water and underlying groundwater, but additionally there are already plans in place to continue to protect the integrity of these resources long after landfill closure.





# AUDITOR'S SECTION

At Fighting Creek landfill, several wetland mitigation projects built by our employees have provided breeding grounds for many different kinds of aquatic wildlife. Clean water and lush vegetation abound at these sites. Constantly employed environmental controls keep the surrounding acreage in pristine condition.





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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Kootenai County, Idaho (the County) as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 28, 2012. 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 opinions 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weaknesses, 2011-01.

## *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether 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*.

We also noted certain other matters that we reported to management of Kootenai County, Idaho in a separate letter dated March 28, 2012.

The County's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on it.

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



CliftonLarsonAllen LLP

Spokane, Washington

March 28, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON 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 Kootenai County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County's major federal programs for the year ended September 30, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of County's management. Our responsibility is to express an opinion on 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 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 of County's compliance with those requirements.

In our opinion, County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

*Internal Control Over Compliance*

Management of County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



CliftonLarsonAllen LLP

Spokane, Washington

March 28, 2012

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 201

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  None Reported
- 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

10.688

ARRA Wildland Urban Interface Community & Rural Fire Assistance Grant

20.106

Airport Improvement Program

97.067

Homeland Security - Exercise, Regional Collaboration, Training, Citizens Corp, NIM/NRP, Equipment & Community Preparedness

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, 2011

**Section II - Findings Relating to the Financial Statement Audit Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

*Finding 2011-01*

*Criteria* - The County's internal controls over the treasury & cash management functions are to be designed and operated in a manner that strengthens its ability to record, process, summarize, and report financial data that is consistent with management's financial statement assertions.

*Condition* - County tax collection deposits and Tax Collector refunds are not being recorded in the County's general ledger on a timely basis, and are recorded without proper documentation supporting transactions. Tax collection deposits are the largest source of receipts into the County Treasury. These transactions are recorded to the County's General Ledger 45-60 days after month-end contrary to both sound cash and accounting controls, as well as Idaho Statute regarding settlement of Tax Collector Accounts (Idaho §31-2112, *County Treasurer and Tax Collector Monthly Settlements*). The Sheriff Donation bank account and the Sheriff Writs, Garnishments, Real Property Cash bank account are not recorded in the County's general ledger on a timely basis, nor are all the accounts' transactions recorded. These Sheriff accounts were originally opened to address insignificant and immaterial transactions of those departments. However, the volume of the Sheriff transactions and the amount of cash passing through these accounts has become material.

*Effect* - Such procedures do not permit the timely recording and reconciling of transactions for accurate financial reporting of cash balances. Without adequate financial records, management is basing decisions on incomplete and/or inaccurate information and potentially therefore could be misrepresenting information reported to the public. Additionally, the internal controls that are in place are not strong enough to assure that assets entrusted to the County are adequately safeguarded.

*Cause* - The Auditor, Treasurer, and Sheriff have not been able to reach agreement on adequate processes to accurately record transactions and report the information to reduce control risks related to these bank accounts.

*Recommendation* - We recommend that all opened bank accounts be recorded along with their transactions in the County's general ledger. The supporting documentation should be uploaded so that information is kept with the transaction to ensure the review process is appropriately documented and available for future inquiries. If each transaction is unable to be kept in the County's general ledger due to a large volume of daily activity, we would suggest the County review a sample of checks issued ad/or received a couple of times a year to verify the department is following the internal control procedures.

We suggest the bank statements for these accounts be received directly from the bank so they can be reviewed by the Auditor's office each month and reconciled against general ledger transactions. We suggest that all checks over six months be voided and reissued, if appropriate, as banks will generally not cash checks dated over six months. We also recommend that the outstanding items be reviewed periodically to determine if they are included in error or are stale checks, and to research unusual items. These procedures would improve internal controls over financial reporting and enable the County to maintain a more accurate cash balance and transactions with which to manage operations.

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2011

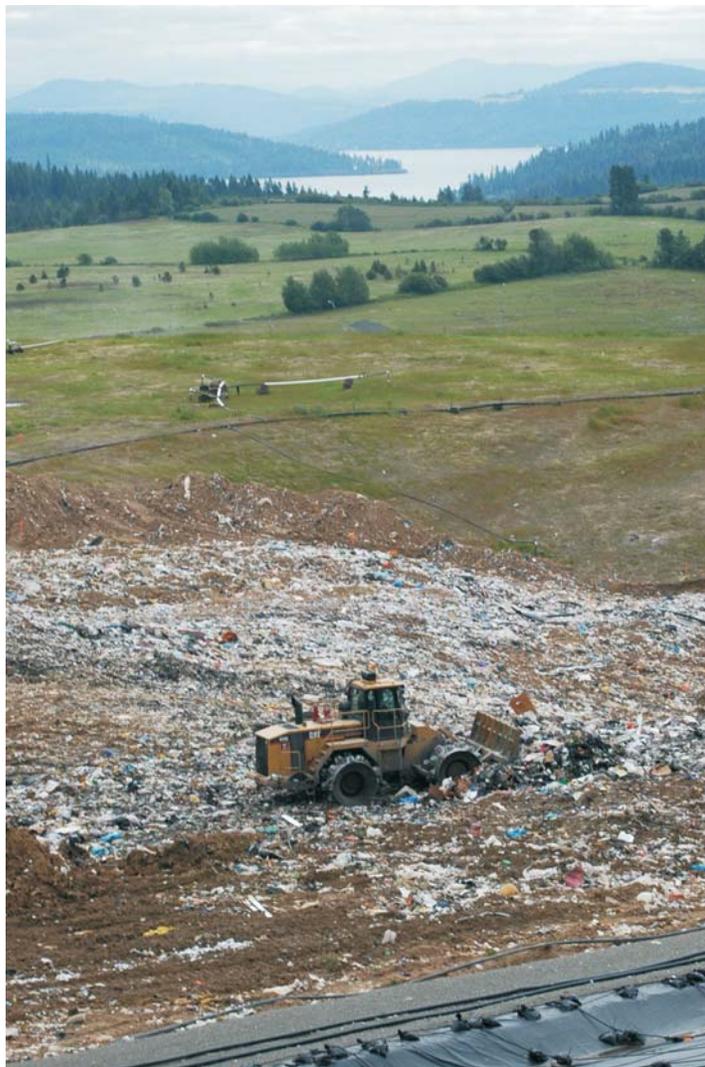
Section III – Federal Award Findings and Questioned Costs

No matters were reported.



# Auditees' Section

In addition to implementing sanitary landfill guidelines and regulations, Kootenai County is already working on different ways of naturalizing the area when final closure is implemented at the landfill. Just a few short years after garbage is no longer being placed in the landfill, it will be impossible to tell that a mountain of garbage lies beneath the land. Capping of the landfill to ensure containment integrity will be topped with vegetation in order to achieve a naturalized look. This combination of engineering control, regulation adherence and implemented naturalization is Kootenai County Solid Wastes' commitment to ensuring a safe, beautiful and sanitary environment for future generations.





**KOOTENAI COUNTY, IDAHO  
Schedule of Expenditures of Federal Awards  
As of September 30, 2011**

<b>FEDERAL GRANTOR</b> Pass Through Grantor Program Title	Federal CFDA Number	Identifying Number	Pass-Through Award amount	2010-2011 expenditures
<b><u>U. S. DEPARTMENT of AGRICULTURE</u></b>				
Passed through Idaho State Superintendent of Public Instruction:				
ARRA National School Lunch Program	10.555	2011IN109947	variable	\$ 37,352
School Breakfast Program	10.553	2011IN109947	variable	23,919
Total Child Nutrition Cluster				61,271
Passed thru Idaho Department of Lands				
ARRA Wildland Urban Interface Community & Rural Fire Assistance	10.688	09 DG-11-182B1-001	649,351	457,138
				518,409
<b><u>U.S. DEPARTMENT of ENERGY</u></b>				
American Reinvestment and Recovery Act (ARRA) of 2009				
ARRA Energy Efficiency and Conservation Block Grant	81.128	DE-SE0003128	374,400	49,613
Passed through Idaho Office of Energy Resources				
ARRA Renewable Energy Enterprise Program	81.041	CON0095	205,000	34,942
				84,555
<b><u>U. S. DEPARTMENT of INTERIOR</u></b>				
Passed thru Idaho Department of Lands				
Wildland Urban Interface Community & Rural Fire Assistance	15.228	IDL 09-HRES-19	50,000	11,647
Passed thru Idaho State Historical Society				
Certified Local Government Program	15.912	3,000.00		2,830
				14,477
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
Passed Through Idaho State Police				
ARRA 2009 Recovery Act - Byrne Justice Assistance Grant, SCRAM Program	16.804	10 RJAGSP	100,000	13,893
2010 - Byrne Justice Assistance Grant, SCRAM Program	16.804	10 BJAGSP	50,000	30,685
Passed through City of Coeur D Alene, Kootenai County – Subgrantee				
2009 Byrne Justice Assistance Grant	16.738	2009-DJ-BX-0485	35,448	742
2010 Byrne Justice Assistance Grant	16.738	2010-DJ-BX-0477	33,454	28,218
ARRA 2009 Byrne Justice Assistance Grant	16.804	2009-SB-B9-2535	148,143	23,859
Total JAG Program Cluster				97,397
Passed through Idaho Department of Juvenile Corrections:				
BARJ Juvenile Accountability Block Grant	16.540	07-JJ11-02	20,314	10,156
JABG Juvenile Accountability Block Grant	16.523	08-JA11-03	26,014	21,888
JABG Juvenile Accountability Block Grant	16.523	09-JA11-03	29,936	3,081
Passed through Idaho Department of Health and Welfare:				
Domestic Violence/Victim Grant	16.575	VC007200	24,000	17,882
Domestic Violence/Victim Grant	16.575	VC012300	25,000	5,583
Direct Programs:				
Community Oriented Policing Services	16.710	2010UMWX0102	562,563	134,613
				290,600

*continued*

Kootenai County Comprehensive Annual Financial Report - FY 2011

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Expenditures of Federal Awards**  
**As of September 30, 2011**

<u>FEDERAL GRANTOR</u> Pass Through Grantor Program Title	Federal CFDA Number	Identifying Number	Pass-Through Award amount	2010-2011 expenditures
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
Direct Programs:				
Airport Improvement Program	20.106	3-16-0010-029, 3-16-0010-030, 3-16-0010-031, 3-16-0010-032, 3-16-0010-034, 3-16-0010-035	3,780,264	866,041
FTA Section 5307 Small Urbanized Area Grant	20.507	ID-90-X111	1,007,934	475,982
ARRA FTA Section 5307 Small Urbanized Area Grant	20.507	ID-90-X006-01	1,290,202	533,541
Passed thru Idaho Department of Transportation				
Traffic Enforcement Mobilization FY2011	20.601	AL-2010-01-00-00, OP-2010-01-00-00, PT-2010-01-00-00	variable	12,070
Traffic Enforcement Mobilization FY2011	20.601	K8-2011-01-00-00	variable	4,600
ARRA Highway Program Grant FY2011	20.205	A009(935)	variable	6,830
				<u>1,899,064</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Passed through State of Idaho Military Division:				
Disaster Grant Public Assistance	97.036	PA-10-ID-1781-PW-00050	2,831	2,831
Disaster Grant Public Assistance	97.036	PA-10-ID-1781-PW-00043	713	713
EMPG 2009 Amendment	97.042	2009-EP-E9-0037	4,284	4,284
EMPG 2010	97.042	2010-EP-EO-0056	85,563	20,563
Homeland Security-Exercise	97.067	2008-GE-T8-0044	312	300
Homeland Security - Regional Collaboration	97.067	2008-GE-T8-0044	8,108	4,769
Homeland Security - Training	97.067	2007-GE-T7-0014	14,235	3,808
Homeland Security - Training	97.067	2008-GE-T8-0044	4,263	4,263
Homeland Security - Training	97.067	2009-SS-T9-0014	25,000	6,983
Homeland Security - Citizens Corp	97.067	2008-GE-T8-0044	12,738	8,319
Homeland Security - Citizens Corp	97.067	2009-SS-T9-0014	12,713	259
Homeland Security - NIM/NRP	97.067	2008-GE-T8-0044	52,655	52,399
Homeland Security - Equipment	97.067	2007-GE-T7-0014	223,135	80,298
Homeland Security - Equipment	97.067	2008-GE-T8-0044	195,573	44,568
Homeland Security - Equipment	97.067	2009-SS-T9-0014	156,612	156,612
Homeland Security - Equipment	97.067	2010-SS-T0-0088	303,017	298,618
Homeland Security - Community Preparedness	97.067	2009-SS-T9-0014	44,990	17,690
Homeland Security - Interoperable Communications	97.078	2007-GS-H7-0016	2,535,138	12,606
Passed through State Department of Parks & Rec				
Boater Safety Financial Assistance	97.012	RBS formula Grant 14.01.16	108,348	108,348
				<u>828,231</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u><u>\$ 3,635,336</u></u>

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2011

**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**  
**Year Ended September 30, 2011**

**Person Responsible for Corrective Action:**

David McDowell, Finance Director  
Kootenai County  
451 N Government Way  
P.O. Box 9000  
Coeur d'Alene, Idaho 83816-9000

Finding #2011-01

**Corrective Action Plan:**

The Auditors' Office will continue to pursue the accurate and timely recording of all financial transactions in the County's general ledger. Related to this goal will be the continued pursuit of a consolidated banking relationship under the Treasurer as intended under State Statutes. This will be accomplished by the ongoing evaluation of current procedures, and implementation of mutually beneficial processes and efficiencies. These changes will require appropriate accommodations for the departments being impacted to accomplish their statutory responsibilities.

KOOTENAI COUNTY, IDAHO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2011

**Findings from the Year Ended September 30, 2010**

As of September 30, 2011, four of the ten cash account finding has been unresolved and will be repeated as finding number 2011-01

Finding 2010-01

*Criteria* - The County's internal controls over the treasury functions are to be designed and operated in a manner that strengthens its ability to record, process, summarize, and report financial data that is consistent with management's financial statement assertions.

*Condition* - Certain bank accounts are not recorded in the general ledger, nor are all the accounts' transactions recorded. The County utilizes imprest bank accounts held by certain departments. Although these accounts were originally opened to address insignificant and immaterial transactions of those departments, the volume of transactions and the amount of cash passing through these imprest accounts have become material. Also, a material amount of checks on the outstanding checklists (checks written, but which have not cleared the bank) are several years old and other checks that have been cancelled are still shown as outstanding on the list. Effect - Such procedures do not permit the preparation of accurate and reliable financial statements. Without adequate financial records, management is basing its decisions on incomplete and/or inaccurate information during the year. Additionally, employees are able to circumvent the internal controls and misappropriate assets of the County.

*Cause* - The County has not addressed these bank accounts and internal controls.

*Recommendation* - We recommend that all opened bank accounts be recorded along with their transactions in the County's general ledger. The supporting documentation should be uploaded so that information is kept with the transaction to ensure the review process is appropriately documented and available for future inquiries. We suggest that all checks over six months be voided and reissued, if appropriate, as banks will generally not cash checks dated over six months. We also recommend that the outstanding items be reviewed periodically to determine if they are included in error or are stale checks, and to research unusual items. These procedures would improve internal controls over financial reporting and enable the County to maintain a more accurate cash balance and transactions with which to manage operations. No matters were reported.

**KOOTENAI COUNTY, IDAHO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended September 30, 2011**

**Findings from the Year Ended September 30, 2009, and Prior**

All matters have been resolved.