

# Kootenai County Idaho



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended September 30, 2012**  
**Clifford T. Hayes ~ Auditor**





# KOOTENAI COUNTY, IDAHO

## Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2012

Clifford T. Hayes  
County Auditor

Prepared by the Office of the County Auditor

# KOOTENAI COUNTY, IDAHO

## Office of the County Auditor

David R. McDowell, CGMA  
Finance Director

Pat Raffee  
Chief Deputy Clerk

### **ACKNOWLEDGMENTS:**

#### Staff Accountants

Willeen Corey  
Kim Stevenson  
Keith Taylor  
Randi Bain

#### Accounting Staff

Sandi Strobel  
Julina Hildreth  
Chenyi Olson  
Lori Shaw

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

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**FOR THE FISCAL YEAR ENDING September 30, 2012**

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# Introductory Section

## **Kootenai County Parks and Waterways**



### **The Parks and Waterways Department manages:**

19 boat launches, 51,496 square feet of public dock, and 2 breakwaters. (Harrison and 3rd Street)

12 terrestrial type sites which include public parks, 8.6 miles of trail, and one cemetery. (162.7 acres)

7 marine pump-outs and 14 restrooms. (2 floating)

1 R.V. dump station.

21 regulatory buoys.

6 mooring buoys located in Beauty Bay and Loff's Bay on Lake Coeur d'Alene.

19 private aids to navigation on Lake Coeur d'Alene and the Spokane River.



# 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, 2011

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.



*Christopher P. Mouill*

President

*Jeffrey R. Enow*

Executive Director





## Kootenai County Clerk Clifford T. Hayes

Auditor • Clerk of the District Court • County Assistance • Elections • Recorder

451 Government Way • P.O. Box 9000

Coeur d'Alene, ID 86816-9000

Phone (208) 446-1651 • Fax (208) 446-1662

<http://www.kcgov.us/departments/clerk> • Email: [chayes@kcgov.us](mailto:chayes@kcgov.us)

March 15, 2013

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, 2012. 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 141.

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 141,000. 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 301,000 and 68,000 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 2012

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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, water/sewer districts, North Idaho Community College, Kootenai Health, 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 no later than the first Tuesday 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 Health, 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 population growth rate in Kootenai County has once again surpassed the State-wide population increase of 1.1%. The regional economic picture continued to stabilize in certain sectors in 2012 after similar trends throughout 2011. The construction market is still sluggish overall as indicated by building permit application activity is 11% below, and the related valuations 16% below 2009 levels. However, hospitality, light industry, and retail markets continue to show signs of improvement and has led to lower unemployment rates. Unemployment within the county, while still high at 8.1%, continues on a positive trend established last year. Projections indicate that Idaho has adjusted to the new economic realities with respect to the major revenue streams after being deeply impacted over the past couple of years. This should translate into more stable State support for all local governments.

Kootenai County remains in sound financial condition at the conclusion of fiscal year 2012 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 (\$479,716 for 2012) to taxpayers.

### ***Major Initiatives***

The major accomplishments and events of the County during 2012 included adoption of a comprehensive facilities improvement plan, and numerous management initiatives aimed at improving the overall operation of the County. Several goals were met during fiscal year 2012. These include:

1. The Kootenai County Facility Master Plan was completed which establishes a longer term look at the County's facility needs and efficiency of operations. The primary focus of the plan is the centralization of court facilities and functions.
2. A Less Paper Initiative was launched and completed during the year which makes some processes paperless, others paper-lite, and provides wireless public access. The estimated annual savings of the plan is \$137,874 per year due to paperless meetings and hearings and providing more public document access via wireless connectivity.

3. The Veterans Services Office was remodeled to accommodate a first-in-the-state partnership between the County and State personnel. The unified office will continue to provide technical assistance in obtaining a wide range of entitled veteran benefits with access to all resources from a single office.
4. The new gas-to-energy collection system at the solid waste landfill has been completed and has generated (\$32,545) in revenue over the last six months of the fiscal year. In the long-term, the system is expected to generate enough energy to provide electricity for 2,500 homes and return \$4 Million to rate payers over the next 20 years.

### ***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 2013. 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. Additional Master Plans will be adopted for Jail, Airport and Park facilities.
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. Data collection will be quantified in the upcoming year to be used as a basis for setting long-term funding rates for the reserve.
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. One of the major construction phases is starting in the upcoming fiscal year with a budget of approximately \$6.3 Million.
5. Establishing ordinances and codes that implement and support the guidelines developed in the County's Comprehensive Plan Report. The final public review of the Land Use Code process will occur during the upcoming year resulting in final adoption of the code.
6. Strategic Planning efforts will include arrangements for the County's 150 year anniversary, impact fees, employee benefits, and department reorganizations. Efforts will also be applied towards standardizing and controlling costs.

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

Idle cash during the year was invested in time certificates of deposit, U.S. Government bonds, and the Idaho State Local Government Investment Pool. Interest revenue of \$634,925 was recognized in fiscal year 2012; reported on page 29 in the Government-Wide Statement of Activities. Of this amount, \$234,389 was interest earned on Solid Waste Fund deposits. 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, 2012, both the General Government operations of the County and the Solid Waste operation continue 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 the payer-of-last-resort 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 Risk 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 Board of County Commissioner's are the risk managers of the County whose duties include monitoring and reviewing contracts and claims against the County and evaluating the adequacy of insurance coverage. The Commissioners educate 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 (CAFR) for the fiscal year ending September 30, 2011. 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 1994-2011). 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, Randi Bain, and Julina Hildreth, Accountants.

Sincerely,



Clifford T. Hayes

Kootenai County Auditor

## Elected Officials and Judges in Fiscal Year 2012



Todd Tondee  
Commissioner District #1



Jai Nelson  
Commissioner District #2



Dan Green  
Commissioner District #3



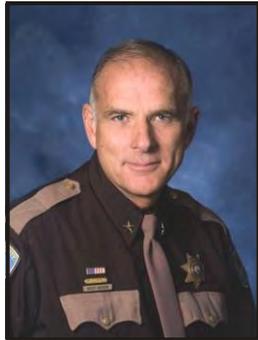
Clifford T. Hayes  
County Clerk



Tom Malzahn  
County Treasurer



Mike McDowell  
County Assessor



Rocky Watson  
County Sheriff



Barry McHugh  
County Prosecutor



Debbie Wilkey  
County Coroner

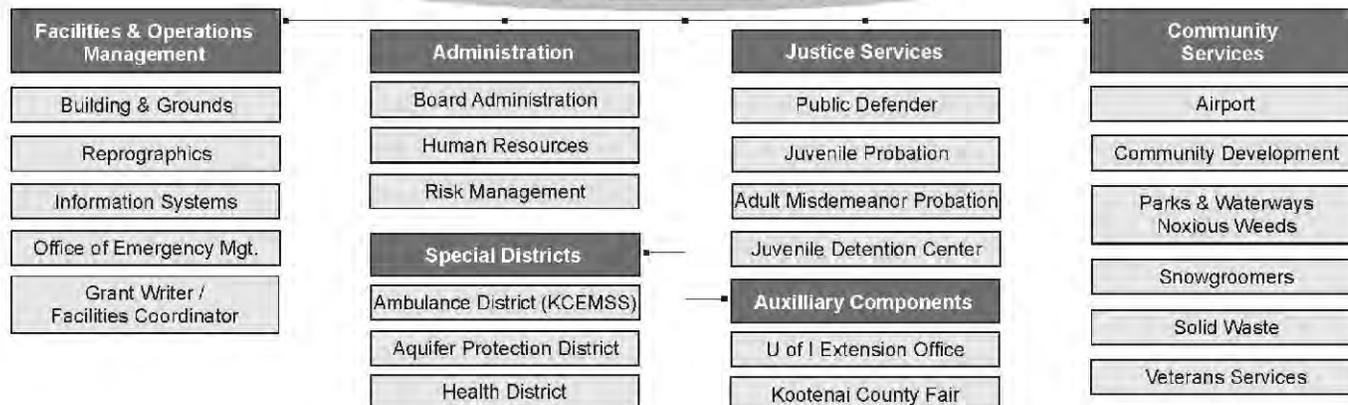
**District Judge  
District Judge  
District Judge  
District Judge  
Magistrate Judge  
Magistrate Judge  
Magistrate Judge  
Magistrate Judge  
Magistrate Judge  
Magistrate Judge**

**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 2012

## VOTERS

### BOARD OF COUNTY COMMISSIONERS



## ASSESSOR



## CLERK

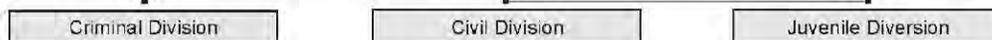


## CORONER

Chief Deputy

## PROSECUTING ATTORNEY

Chief Deputy



## SHERIFF

Undersheriff



## TREASURER

Chief Deputy



# Financial Section

## Parks & Waterways Funding



Vessel Registration Fees (Vessel Account): - 85% of each county's designated vessel registration fees come back to counties to be used for marine law enforcement; and for maintenance and improvements for public boating access. Kootenai County divides these funds 50/50 between the Marine Division and the Parks & Waterways Department.

County Boat Launch Fees: by ordinance (Waterways Ordinance #438), these fees are to be used only for improvements and maintenance at county boat launches or for costs incidental to improvements and maintenance.

Waterways Improvement Fund Grants: This program receives 0.84% of Idaho's state gas tax revenues. The current grant funding level is \$900,000, which is a drop by 10% in the last five years, of which each county is eligible for up to 30%. The program, is administered by the Idaho Department of Parks and Recreation (IDPR), is designed to promote safety, improve waterways for boating purposes, build and improve public parking lots for boaters, provide public boat ramps and moorings, marking of waterways, and search and rescue of boaters for sites open to the general public. All public agencies and tribes that provide public access are eligible for funding.

Clean Vessel Act Grants (CVA): This program, also administered by the IDPR, is federal funding that is available for the construction, renovation, operation and maintenance of marine pump-out stations and waste reception facilities for recreational boaters, and also for educational programs that inform boaters of the importance of proper disposal of their sewage.

Road and Bridge Grants: also administered by IDPR. Funding is made available for parking lot and road improvement projects that provide and/or contribute to public access.

Boating Infrastructure Grant Program (BIG): also administered by IDPR, funding provided annually from the Sport Fish Restoration and Boating Trust Fund. Provides grant funds to states for funding statewide to construct, renovate, and maintain tie-up facilities for vessels 26 feet or longer, and to produce and distribute information and educational materials about the program.

Donations: Kootenai County appreciates donations from local organizations or governmental agencies. Donations can be site or project specific.





**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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express 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, 2011 and Kootenai County Emergency Medical Services System as of and for the year ended September 30, 2012 - 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 on the reports of the other auditors. The prior year partial comparative information has been derived from the County's 2011 financial statements and, in our report dated March 28, 2012, and based on the reports of other auditors, we expressed unqualified opinions on the respective 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.

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

In our opinion based on our audit and the reports of 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 15, 2013, 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 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 24 and 67 through 108 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 accompanying 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 as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



CliftonLarsonAllen LLP

Spokane, Washington  
March 15, 2013

# Management's Discussion and Analysis

## **Bulkhead and Gangway at Upper Twin**



## **Restroom at Mowry Park**





**KOOTENAI COUNTY**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2012**  
**(Unaudited)**

As management of Kootenai County, Idaho, we offer readers this narrative overview and analysis of the County's financial activities for the fiscal year ended **September 30, 2012**. We encourage readers to consider the information presented in conjunction with additional information in our letter of transmittal. In this discussion, comparative analyses are against the prior fiscal year.

**FINANCIAL HIGHLIGHTS**

The key financial highlights for 2012 are as follows:

The County has changed its fiscal philosophy to utilize more of our existing resources rather than to levy additional property taxes. We will 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 \$1.79 million (2.4%) due to decreased personnel and service expenses. Additionally, capital outlays were under budget. The residual appropriations for incomplete capital projects will carry over into Fiscal Year 2013.

The County's combined Governmental and Business activities reported an ending net asset balance of \$133.4 million. Of this amount, \$40.3 million is unrestricted, meaning it is available for spending on behalf of our citizens.

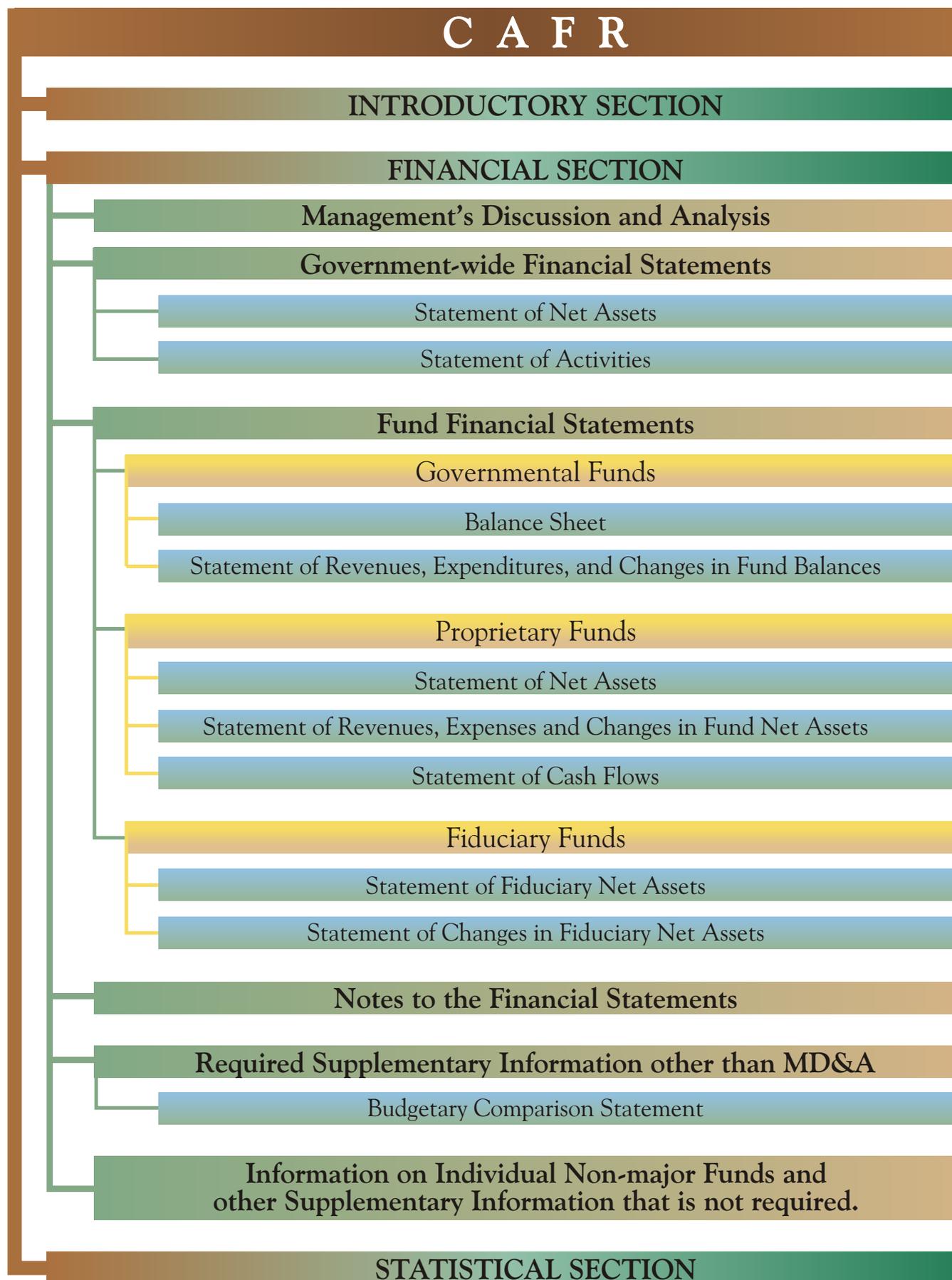
The County's unrestricted net assets from Governmental activity alone was \$28.2 million, a 3.2% increase over the prior year. The increase is primarily attributable to fewer restricted net assets from third parties in fiscal year 2012.

Justice activities were under budget by \$372 thousand. Personnel costs were significantly under budget (\$396 thousand), but those savings were offset by overages in operating expenses (\$115 thousand).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. Some allow the reader to understand the County as an entire operating entity; others provide a detailed look at specific financial conditions. This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements contain three components: the County-wide financial statements, specific fund financial statements, and notes to the financial statements. These various elements of the Comprehensive Annual Financial Report (CAFR) are related as shown in the following graphic.

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 employee benefits     |
| <b>Accounting basis and measurement focus</b>  | Accrual accounting and economic resources focus                                    | Modified accrual and current financial resources measurement focus   | Accrual accounting and economic resources focus                                    | Accrual accounting and economic resources focus; except agency funds do not have measurement focus |
| <b>Type of asset and liability information</b> | All assets and liabilities, both financial and capital, short-term and long-term   | Current assets and liabilities that come due during the year or soon thereafter; 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

Government-wide financial statements 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 all of the County's assets and liabilities, with the difference between the two reported as Net Assets. Changes in net assets over time serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The Statement of Activities shows how the County's net assets changed during the current year. These statements are prepared using the accrual basis of accounting, similar to the method used by private-sector businesses. Accrual accounting considers all of the year's revenues and expenses, regardless of when the cash is received or paid.

Change in net assets tell 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 considered.

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 is its only Business-Type activity.
- ◆ *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 from the County, and they may buy, sell, lease, and mortgage property in their own name.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities. Like other governments, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements for funds.

All the funds of the County fall into three categories: governmental funds, proprietary funds, or fiduciary 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 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, with the focus on how money flows into and out of the funds and what year end balances remain 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.

The focus of Governmental Funds is narrower than that of the Government-wide financial statements, so it is useful to compare the two. Both the Governmental fund Balance Sheet and the Governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances facilitate this comparison between governmental funds and governmental activities.

The County maintains numerous individual governmental funds, including the General Fund, Justice Fund, Airport Fund, Indigent Fund, Parks and Recreation, Revaluation, Liability Insurance, and District Court Fund. Information on each major fund is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances. 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 Supplementary Information.

*Proprietary Funds* - The County has two types of proprietary funds. One, Enterprise Funds reports the same functions presented as Business-Type Activities on the government-wide financial statements, i.e. Solid Waste operations. The second type includes the Internal Service Fund, Health Insurance, accounts for self insured services, and these are presented as governmental-type activities on the government-wide financial statements.

*Fiduciary Funds* - Fiduciary funds account for resources held for the benefit of parties outside the County. Because these funds are not available to the County, fiduciary funds are not reflected on the government-wide financial statements.

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

**Notes to the Financial Statements** - Further disclosure of fund reporting guidelines and balances.

**Required Supplementary Information** - Combinations of individual fund statements and schedules.

**Government-wide Financial Analysis**

*Table 1* summarizes Kootenai County's net assets for 2011 compared with 2012

|  | Kootenai County's Net Assets<br>(amounts in 000) |                  |                             |                  |                   |                   |                   |
|--|--|------------------|-----------------------------|------------------|-------------------|-------------------|-------------------|
|  | Governmental<br>Activities                       |                  | Business-type<br>Activities |                  | Total             |                   | Total %<br>Change |
|  | 2011   | 2012             | 2011                        | 2012             | 2011              | 2012              | 2011-2012         |
| Current and other assets                           | \$ 77,409  | \$ 81,211        | \$ 25,371                   | \$ 28,716        | \$ 102,780        | \$ 109,927        | 7.0%              |
| Capital assets                                     | 51,342   | 54,423           | 26,800                      | 25,796           | 78,142            | 80,219            | 2.7%              |
| Total assets                                       | 128,751  | 135,634          | 52,171                      | 54,512           | 180,922           | 190,146           | 5.1%              |
| Other liabilities                                  | 46,511   | 48,836           | 7,434                       | 7,862            | 53,945            | 56,698            | 5.1%              |
| Total liabilities                                  | 46,511   | 48,836           | 7,434                       | 7,862            | 53,945            | 56,698            | 5.1%              |
| Net assets   |  |                  |                             |                  |                   |                   |                   |
| Invested in capital assets,<br>net of related debt | 51,342   | 54,423           | 26,800                      | 25,796           | 78,142            | 80,219            | 2.7%              |
| Restricted   | 3,587  | 4,178            | 1,800                       | 8,775            | 5,387             | 12,953            | 140.4%            |
| Unrestricted                                       | 27,311   | 28,197           | 16,137                      | 12,079           | 43,448            | 40,276            | -7.3%             |
| <b>Total net assets</b>                            | <b>\$ 82,240</b>                                 | <b>\$ 86,798</b> | <b>\$ 44,737</b>            | <b>\$ 46,650</b> | <b>\$ 126,977</b> | <b>\$ 133,448</b> | <b>5.1%</b>       |

Total County assets exceeded liabilities by \$133.4 million (\$86.8 million in Governmental activities and \$46.7 million Business-Type activities).

Investment in Capital Assets (land, buildings, improvements, machinery and equipment, vehicles and infrastructure) less any outstanding debt to acquire the capital assets totals \$80.2 million, which represents 60% of the County's net assets. The County uses these capital assets to provide services to citizens, therefore the assets are not available for future spending.

All capital assets are wholly owned by the County. This lack of debt strengthens the County's overall liquidity, and frees up resources to deliver services to citizens.

\$4.2 million of the County's Governmental Activities net assets (5%) has restrictions on how the assets can be used. The \$28.2 million (32%) of unrestricted Governmental Activities net assets may be used to meet the County's ongoing obligations.

At the end of both fiscal 2012 and fiscal 2011, the County has positive balances in all three categories of net assets: for government as a whole, as well as for its separate Governmental and Business-Type Activities.

# Kootenai County Comprehensive Annual Financial Report - FY 2012

Table 2, shows the changes in net assets for 2011 and 2012:

| Changes in Kootenai County's Net Assets<br>as of September 30, 2011 and 2012<br>(amounts in 000) |                            |                 |                             |                 |                 |                 |                                   |
|--|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|-----------------------------------|
|  | Governmental<br>Activities |                 | Business-type<br>Activities |                 | Total           |                 | Percentage<br>Change<br>2011-2012 |
|  | 2011                       | 2012            | 2011                        | 2012            | 2011            | 2012            |                                   |
| <b>Revenues</b>  |                            |                 |                             |                 |                 |                 |                                   |
| Program revenues   |                            |                 |                             |                 |                 |                 |                                   |
| Charges for services   | \$ 17,639                  | \$ 18,777       | \$ 10,597                   | \$ 10,722       | \$ 28,236       | \$ 29,499       | 4.5%                              |
| Federal grants   | 3,635                      | 5,780           | -                           | 170             | 3,635           | 5,950           | 63.7%                             |
| State grants   | 791                        | 887             | -                           | -               | 791             | 887             | 12.1%                             |
| General revenues   |                            |                 |                             |                 |                 |                 |                                   |
| Property taxes   | 40,537                     | 42,015          | -                           | -               | 40,537          | 42,015          | 3.6%                              |
| Other  | 1,167                      | 1,328           | 526                         | 580             | 1,693           | 1,908           | 12.7%                             |
| <b>Total revenues</b>  | <b>63,769</b>              | <b>68,787</b>   | <b>11,123</b>               | <b>11,472</b>   | <b>74,892</b>   | <b>80,259</b>   | <b>7.2%</b>                       |
| <b>Expenses</b>  |                            |                 |                             |                 |                 |                 |                                   |
| General government   | 22,104                     | 23,479          | -                           | -               | 22,104          | 23,479          | 6.2%                              |
| Public works   | 2,131                      | 1,947           | -                           | -               | 2,131           | 1,947           | -8.6%                             |
| Public safety  | 34,056                     | 33,654          | -                           | -               | 34,056          | 33,654          | -1.2%                             |
| Sanitation weed control  | 428                        | 301             | -                           | -               | 428             | 301             | -29.7%                            |
| Health and welfare   | 4,020                      | 4,549           | -                           | -               | 4,020           | 4,549           | 13.2%                             |
| Culture and recreation   | 950                        | 818             | -                           | -               | 950             | 818             | -13.9%                            |
| Interest on long term debt   | 23                         | -               | -                           | -               | 23              | -               | -100.0%                           |
| Solid waste  | -                          | -               | 9,440                       | 9,038           | 9,440           | 9,038           | -4.3%                             |
| <b>Total expenses</b>  | <b>63,712</b>              | <b>64,748</b>   | <b>9,440</b>                | <b>9,038</b>    | <b>73,152</b>   | <b>73,786</b>   | <b>0.9%</b>                       |
| Excess before special items and transfers  | 57                         | 4,039           | 1,683                       | 2,434           | 1,740           | 6,473           | 272.0%                            |
| Gain (loss) on sale of assets  | (41)                       | (6)             | 17                          | 4               | (24)            | (2)             | 91.7%                             |
| Transfers In (out)   | 816                        | 526             | (816)                       | (526)           | -               | -               | 0.0%                              |
| <b>Increase net assets</b>   | <b>\$ 832</b>              | <b>\$ 4,559</b> | <b>\$ 884</b>               | <b>\$ 1,912</b> | <b>\$ 1,716</b> | <b>\$ 6,471</b> | <b>277.1%</b>                     |

## Governmental Activities

Program revenues increased overall by \$3.38 million (15.3%) in fiscal 2012; with \$1.1 million of the increase attributable to Governmental operations. Charges for services is the County's second largest source of program revenue (behind property tax revenue), and it accounted for \$18.8 million (27%) of total governmental revenues. Major revenue increases in fiscal 2012 from the prior year include State Liquor fees of \$492 thousand and State tax revenue sharing of \$291 thousand.

The County's grant revenues from Federal and State sources made up \$6.7 million (9.7%) of total governmental revenues. Primary recipients of grant revenues were Public Transportation (from the Federal Transportation Administration for the Citylink bus system), the 9-1-1 Emergency Communications system, Coeur d'Alene Airport (from the Federal Aviation Administration for a major runway expansion), the Centennial Trail, and Justice Services (a child predator grant from the Department of Justice). State grant revenue increased by \$96 thousand in fiscal 2012, and supported projects administered by the Office of Emergency Management, the Parks and Waterways department, and the Justice Fund.

Charges for services, operating grant programs, and capital grant revenues totaled \$25.4 million, or 39.3% of funding of the County's governmental expenses. Combined operational and capital grant revenues were 50.6% higher from the prior year, increasing \$2,241 thousand to \$6,667 thousand in 2012.

Property tax revenues in the Governmental funds were \$42 million of the \$68.8 million total revenues for Governmental activities, which represents 61% of total revenues. Governmental Property tax increased \$1.5 million (3.6%) from the prior year. Primary factors driving revenue increases were a non-recurring rebate from the

Post Falls Urban Renewal District for \$734 thousand, levied property tax increases of \$565 thousand, and additional collections of \$258 thousand from citizens and businesses owing delinquent property tax.

The County's largest tax-supported operational expenses are the Sheriff's Jail program (\$10.4 million; 16% of the \$64.7 million total) and the Sheriff's Patrol program (\$6.6 million; 10% of the total).

### General Government

Table 3, for governmental activities, reports the total cost of services and the net cost of services.

This statement reflects the cost of program services and the direct program revenues offsetting those services, which include charges for services, sales, grants, and contributions. The net cost of services identifies the cost of those services which are supported by tax revenues and by unrestricted intergovernmental revenues.

Net Cost of Kootenai County's Governmental Activities  
as of September 30, 2011 and 2012  
(amounts in 000)

|                           | Total Cost of Services |                  | Percentage Change | Net Cost of Service |                  | Percentage Change |
|---------------------------|------------------------|------------------|-------------------|---------------------|------------------|-------------------|
|                           | 2011                   | 2012             | 2011-2012         | 2011                | 2012             | 2011-2012         |
| General government        | \$ 22,097              | \$ 23,479        | 6.2%              | \$ 12,816           | \$ 13,636        | 6.4%              |
| Public works              | 2,131                  | 1,947            | -8.6%             | 1,186               | (1,790)          | -250.9%           |
| Public safety             | 34,056                 | 33,654           | -1.2%             | 23,126              | 22,418           | -3.1%             |
| Sanitation (Weed control) | 428                    | 301              | -29.7%            | 250                 | 265              | 6.0%              |
| Health and welfare        | 4,020                  | 4,549            | 13.2%             | 4,020               | 4,549            | 13.2%             |
| Culture and recreation    | 950                    | 818              | -13.9%            | 226                 | 226              | 0.0%              |
| Other                     | 30                     | -                | -100.0%           | 23                  | -                | -100.0%           |
| <b>Total</b>              | <b>\$ 63,712</b>       | <b>\$ 64,748</b> | <b>1.6%</b>       | <b>\$ 41,647</b>    | <b>\$ 39,304</b> | <b>-5.6%</b>      |

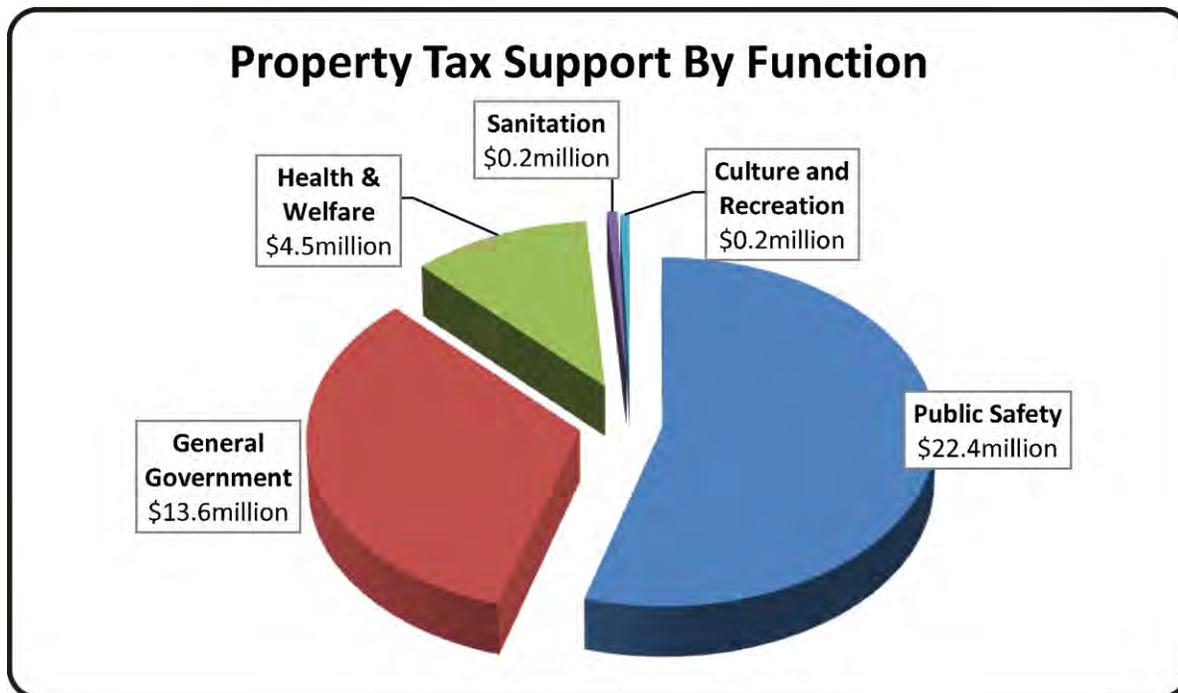
The County's cost of services increased by \$1.4 million (6.2%) over the prior year. Because grant revenues bring specific required functions to be performed, the total cost of services increased. Therefore, the cost increases were attributed to the Federal Transportation Administration's grant to Citylink of \$467 thousand, and the Prosecuting Attorney grants of \$231 thousand. In addition, the Public Defender's spending increased by \$287 thousand.

Net cost of services for General Government increased by \$820 thousand (6.4%) because a smaller portion of expenses were offset by grant revenues, causing the County to fund a greater portion of General Government net costs from its unrestricted net assets or property tax revenue.

Public Safety cost of services of \$33.7 million comprise 52% of our total service cost; and it is the largest portion of overall County expenses. Total Public Safety costs decreased \$402 thousand (1.2%) from the prior year because higher expenses from Sheriff operations were offset by decreased spending in other Justice programs and other public safety departments. Public Safety net cost of services decreased \$707 thousand from the prior year as more charges for service revenue offset expenses.

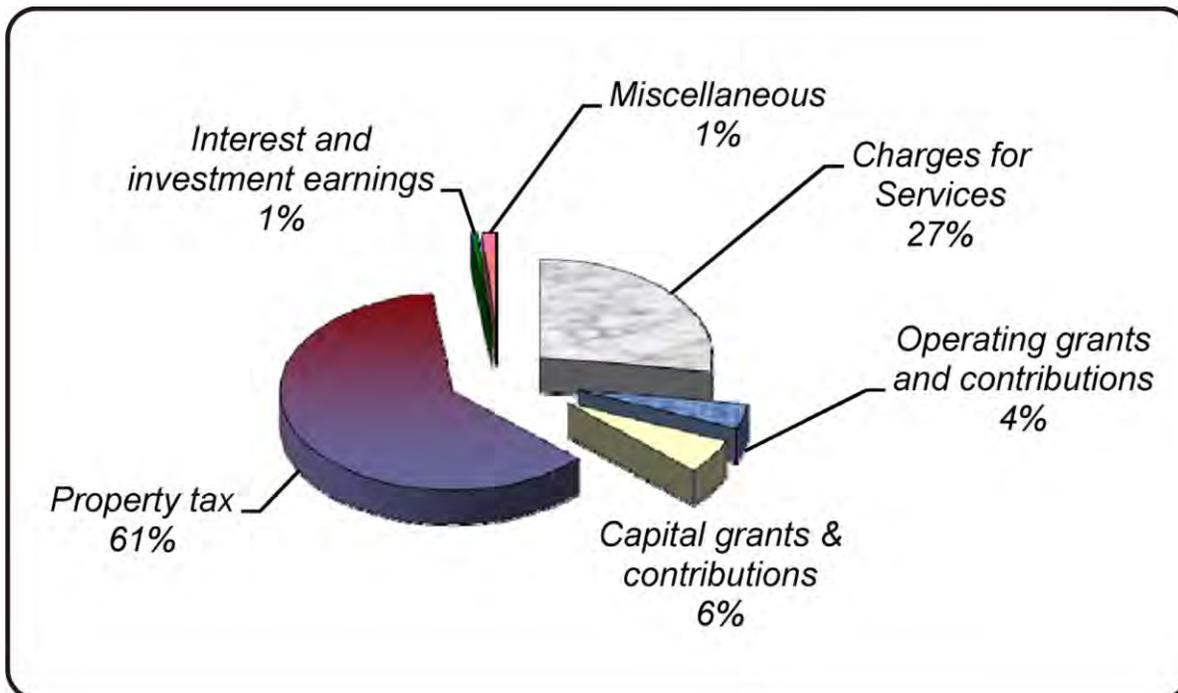
**Figure 1: Property Tax Support-Primary Government**

The figure below provides a graphical analysis of property tax that directly supports operations of the primary government. The County levies property tax to pay for expenses not otherwise collected through fees, charges, grant revenue, or net asset reserves. Unspent property tax collections in the current year are net assets available to support future period operations.



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

The figure below indicates County fiscal 2012 revenue by category and percent of the total revenue.



**Business-Type Activities**

Net Assets for the County's Business-Type Activities (Solid Waste) increased by \$1.9 million in 2012, which is 30% of the overall change in the County's net assets. These assets resulted from \$10.72 million in service charge revenues, and as Figure 2 illustrates, exceeded Solid Waste operating expenses of \$9.04 million.

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

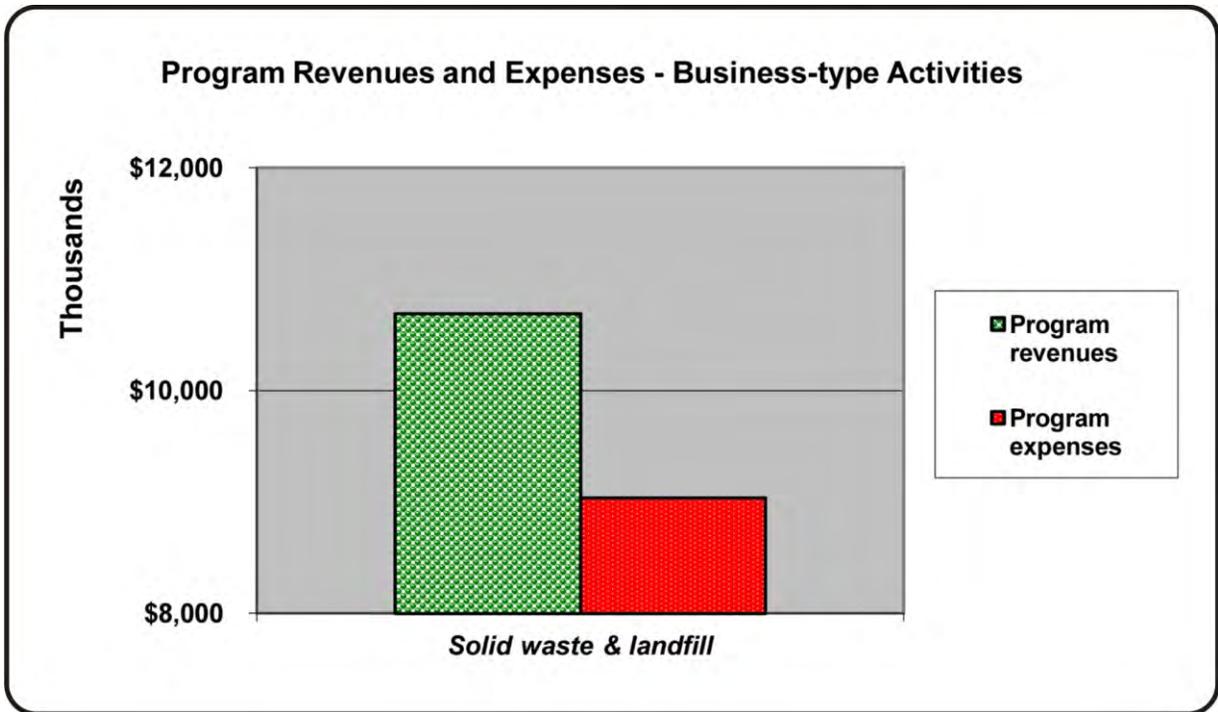
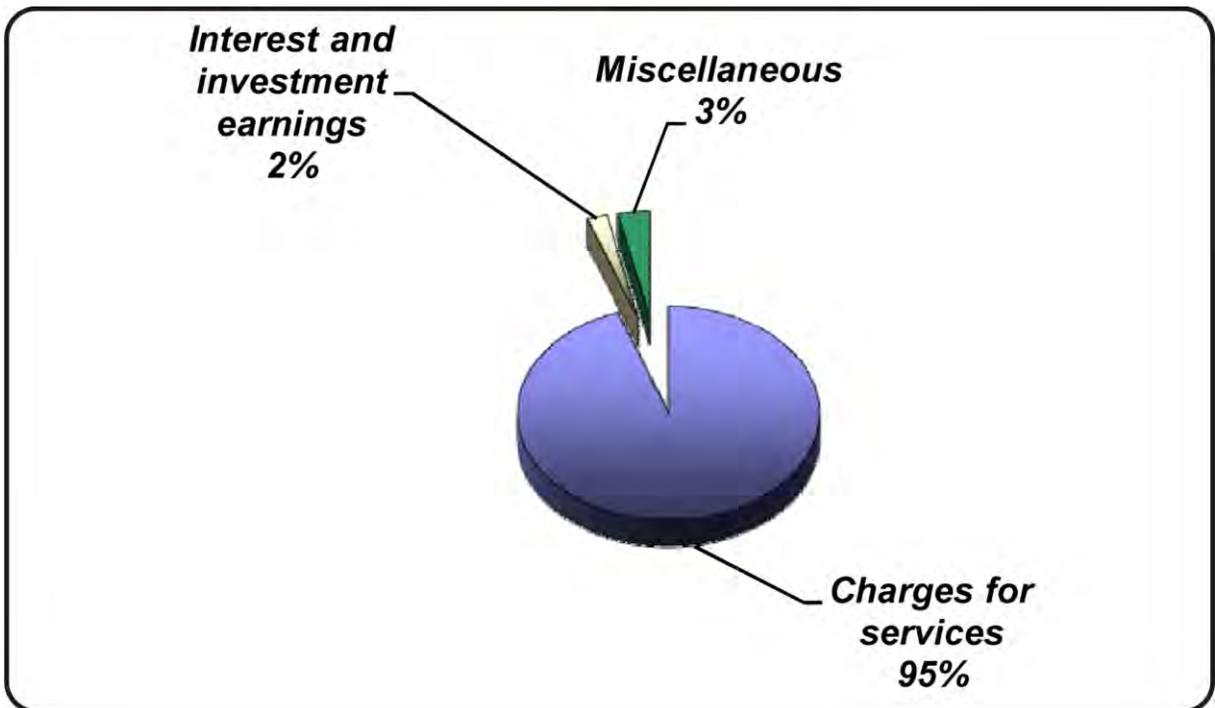


Figure 3: Revenues by Source - Business-type Activities



The accumulated net assets of the Solid Waste Enterprise Fund will provide for future capital activities. There were no significant capital project expenditures in fiscal year 2012, yet this fund's net assets have provided the resources in past years for large scale projects such as the Prairie Transfer station and the expansion of the Fighting Creek Landfill. Investments in these two projects allow for refuse to be processed locally at a significantly lower cost than shipping to landfills outside the County. Paying for these projects (past and future) by using current Solid Waste assets eliminates the need for finance costs. These finance strategies in turn help prevent large fee increases to businesses and citizens utilizing Solid Waste services currently and in the future.

### FINANCIAL ANALYSIS OF THE COUNTY FUNDS

The County uses fund accounting, as do most governments, to ensure compliance with legal requirements related to financial reporting.

#### **Governmental Funds**

Fund balances provide data on inflows, outflows, and balances of spendable resources, which is useful in assessing the County's finances. In particular, unreserved fund balance serves as one measure of the County's available net resources.

As of September 30, 2012, the County's governmental funds had a combined ending fund balance of \$34 million, an increase of \$1.9 million over the prior year. Approximately \$21 million (63%) of this total is unassigned fund balance, available for spending at the County's discretion. The remaining \$12.7 million (37%) is reserved for dedicated purposes in one of four designated fund balance categories: Assigned, Committed, Restricted, and Nonspendable. (Each of these categories is described in more detail in the financial statement notes.)

The General Fund is the County's primary operating fund. It includes Commissioner General Fund programs, and Justice Services such as Sheriff Patrol and Jail operations. The County's General Fund balance increased by \$2 million (8%) during fiscal year 2012. This increase was the result of higher delinquent property tax collections and charges for service revenue. Fiscal 2012 General fund expenditures of \$50 million is consistent with the prior year expenditures; no unanticipated fund balances were accessed to support general government operations during the year. Nor were there significant unanticipated transfers out of the General fund to support other governmental funds (such as Indigent Services) required in prior years.

General fund unassigned fund balance totaled \$21 million at the end of fiscal 2012; total General fund balance was \$30.6 million. As a liquidity measure, it is useful to compare both unassigned fund balance and total fund balance to total General Government expenditures, which were \$49.5 million. Therefore, unassigned fund balance represents 43% of total General Fund expenditures, and total fund balance represents nearly 62% of total expenditures.

#### **Enterprise Funds**

The County's enterprise funds (Solid Waste) had Unrestricted net assets of \$12 million in 2012, down from \$16 million in fiscal 2011. The \$4 million decrease resulted from restrictions placed on fiscal 2012 net assets, to prepare for the next phase of the East Cell landfill expansion. Total net assets increased by \$1.9 million.

These funds pay for future major projects such as landfill expansion, machinery and equipment, infrastructure improvements, and landfill closure liabilities. The County has a responsibility to have resources available to fund planned future capital projects without incurring debt or significantly increasing rates to ratepayers.

**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 \$3.9 million, most of which was for increases in capital projects in fiscal 2012. Revenues for these were appropriated from fund balance reserves.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:** Kootenai County's fiscal 2012 capital investments for its Governmental and Business Type activities totaled \$80.2 million, net of depreciation. These investments included land, buildings, improvements, machinery and equipment, and construction in progress. (See Table 4, following) The net increase (including depreciation, additions and deductions) in the County's investment in capital assets was \$2 million (a 6% increase for Governmental activities and a 10.8% decrease for Business Type activities).

Table: 4

|                                   | Kootenai County's Capital Assets<br>(net of depreciation, in thousands of dollars) |                  |                             |                  |                  |                  |                               |
|-----------------------------------|--|------------------|-----------------------------|------------------|------------------|------------------|-------------------------------|
|                                   | Governmental<br>Activities   |                  | Business-type<br>Activities |                  | Total            |                  | Total<br>Percentage<br>Change |
|                                   | 2011   | 2012             | 2011                        | 2012             | 2011             | 2012             | 2011-2012                     |
| Land                              | \$ 5,417   | \$ 5,417         | \$ 1,658                    | \$ 1,659         | \$ 7,075         | \$ 7,076         | 0.0%                          |
| Buildings                         | 20,991   | 20,162           | 239                         | 252              | 21,230           | 20,414           | -3.8%                         |
| Improvements other than Buildings | 9,684  | 15,510           | 976                         | 858              | 10,660           | 16,368           | 53.5%                         |
| Machinery and Equipment           | 6,138  | 6,886            | 3,060                       | 2,993            | 9,198            | 9,879            | 7.4%                          |
| Transfer Stations                 |  |                  | 14,504                      | 13,886           | 14,504           | 13,886           | -4.3%                         |
| Landfill                          |  |                  | 6,306                       | 5,621            | 6,306            | 5,621            | -10.9%                        |
| Construction in Progress          | 9,112  | 6,448            | 57                          | 527              | 9,169            | 6,975            | -23.9%                        |
| <b>Total</b>                      | <b>\$ 51,342</b>   | <b>\$ 54,423</b> | <b>\$ 26,800</b>            | <b>\$ 25,796</b> | <b>\$ 78,142</b> | <b>\$ 80,219</b> | <b>2.66%</b>                  |

Major capital asset activities during fiscal 2012 included:

- ◆ Additional Airport infrastructure improvements totaling \$3.8 million. \$1.1 million was for a new Aircraft Rescue and Fire Fighting (ARFF) building; \$2.3 million for the overlay of Runway 1/19 and rehabilitation of Taxiway D; plus some Master Plan Airport study work and an initial investment of \$373,000 for initial setup costs of an Airport Geospacial Information System (AGIS).
- ◆ The Sheriff purchased ten new fully equipped patrol vehicles for \$474,000.
- ◆ The Solid Waste Department made additional Fighting Creek Landfill improvements for \$492,000, and purchased an Articulated Truck for \$269,000.

Additional information on Kootenai County's capital assets can be found in Note 5 (Capital Assets) to the financial statements for fiscal year 2012.

**Long-Term Debt** – At September 30, 2012, the County had no outstanding debt.

**ECONOMIC FACTORS**

The Census Bureau's latest population estimate for Idaho is just under \$1.6 million - an increase of less than 1% in a decade. Between 2011 and 2012, more people moved out of the state than people from other states moved into Idaho, at a rate three times higher than between 2010 and 2011. The recent outmigration is "the largest since the late 1980s" according to the Census Bureau report; the Department of Labor notes that the outmigration includes a higher proportion of workers under age 35 than recent years' trends.

## Kootenai County Comprehensive Annual Financial Report - FY 2012

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Kootenai County's population was 138,494 in the 2011 Census estimate. The Census Bureau estimates that our County increased 1%, to an estimated 141,132 population by 2012.

According to the Idaho Department of Labor, our state was hit late by the recession, so when the National Bureau of Economic Research declared the recession ended in June 2009, Idaho's unemployment rate was still rising. It continued to do so for the next two years. Idaho lost over 120,000 jobs of all types between 2007 and 2010. By June of 2012, Idaho had only recovered about 22,000 jobs, or about 18% of the total jobs lost. That is 12th from the bottom of the states' job recovery rankings.

In Kootenai County, 324 jobs were added between 2010 and 2011, but that increase was less than 1/2 of 1%.

The state's median wage declined. In 2001, Idaho's median wage was over 91% of the national median. By 2012, Idaho's median wage was less than 88% of the national median wage. Between 2010 and 2011, Idaho's per capita income only increased 4%; Kootenai County's per capita income only rose 3.5% in that period.

Relative demand in the local housing market during 2012 remained soft in both construction starts in the County as well as assessed land valuations. Residential building permits on new construction increased by 14% from the prior year. However, the property value per permit dropped by 12% showing positive signs of stabilization in the core residential market with the value of residential permits virtually the same for the two years. Commercial permits remain low in line with prior year levels, but with the value of the permits increasing by 59% over last year. Assessed value for all property types in Kootenai County decreased from the prior year and now stands at a net taxable value of \$12.0 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.

### 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.  
or  
Email: [kcauditor@kcgov.us](mailto:kcauditor@kcgov.us)

# Basic Financial Statements

## **Sun Up Bay Launch Replacement (2012 Grant Project)**



*continued*



**KOOTENAI COUNTY, IDAHO**  
**Statement of Net Assets**  
**September 30, 2012**

|  | Primary Government      |                          |                       | Component Units                        |                       |
|--|-------------------------|--------------------------|-----------------------|--|-----------------------|
|  | Governmental Activities | Business-type Activities | Total                 | North Idaho Fair & Rodeo Dec. 31, 2011 | KCEMSS Sept. 30, 2012 |
| <b>ASSETS</b>                                    |                         |                          |                       |  |                       |
| Cash and investments                             | \$ 36,482,537           | \$ 21,172,004            | \$ 57,654,541         | \$ 265,253                             | \$ 2,863,124          |
| Taxes current-receivable                         | 38,955,671              | -                        | 38,955,671            | -                                      | -                     |
| Taxes delinquent-receivable                      | 1,901,674               | -                        | 1,901,674             | -                                      | -                     |
| Accounts receivable, (net)                       | 1,940,775               | 523,036                  | 2,463,811             | 54                                     | 901,249               |
| Interest receivable                              | 4,189                   | 1,821                    | 6,010                 | -                                      | -                     |
| Grants receivable                                | 1,884,953               | -                        | 1,884,953             | -                                      | -                     |
| Inventories and prepaid expenses                 | 40,391                  | -                        | 40,391                | -                                      | 136,738               |
| Restricted assets:                               |                         |                          |                       |  |                       |
| Cash held for closure and postclosure            | -                       | 7,019,000                | 7,019,000             | -                                      | -                     |
| Capital Assets:                                  |                         |                          |                       |  |                       |
| Land   | 5,416,814               | 1,658,532                | 7,075,346             | -                                      | 403,990               |
| Depreciable assets, (net)                        | 42,249,322              | 23,610,302               | 65,859,624            | 1,681,476                              | 1,341,507             |
| Non-Depreciable other assets                     | 310,327                 | -                        | 310,327               | -                                      | -                     |
| Construction in progress                         | 6,446,965               | 527,027                  | 6,973,992             | -                                      | -                     |
| <b>Total Assets</b>                              | <b>\$ 135,633,618</b>   | <b>\$ 54,511,722</b>     | <b>\$ 190,145,340</b> | <b>\$ 1,946,783</b>                    | <b>\$ 5,646,608</b>   |
| <b>LIABILITIES</b>                               |                         |                          |                       |  |                       |
| Accounts payable                                 | \$ 3,306,176            | \$ 635,417               | \$ 3,941,593          | \$ 3,303                               | \$ 53,232             |
| Payroll and related liabilities                  | 1,013,286               | -                        | 1,013,286             | 9,789                                  | -                     |
| Deferred property tax revenues                   | 38,955,671              | -                        | 38,955,671            | -                                      | -                     |
| Other accrued liabilities                        | 319,181                 | -                        | 319,181               | 19,489                                 | 41,433                |
| Deferred revenues                                | 960,955                 | -                        | 960,955               | -                                      | -                     |
| Current portion of compensated absences          | 129,628                 | 6,296                    | 135,924               | -                                      | -                     |
| Non-current liabilities:                         |                         |                          |                       |  |                       |
| Due in more than one year - compensated absences | 4,150,557               | 201,603                  | 4,352,160             | -                                      | -                     |
| Landfill closure liability                       | -                       | 7,019,000                | 7,019,000             | -                                      | -                     |
| <b>Total Liabilities</b>                         | <b>48,835,454</b>       | <b>7,862,316</b>         | <b>56,697,770</b>     | <b>32,581</b>                          | <b>94,665</b>         |
| <b>NET ASSETS</b>                                |                         |                          |                       |  |                       |
| Invested in capital assets, net of related debt  | 54,423,428              | 25,795,861               | 80,219,289            | 1,681,476                              | 1,745,497             |
| Restricted                                       | -                       | -                        | -                     | -                                      | 2,597                 |
| Juvenile justice services                        | 95,644                  | -                        | 95,644                | -                                      | -                     |
| Court interlock                                  | 71,755                  | -                        | 71,755                | -                                      | -                     |
| Court facilities                                 | 279,215                 | -                        | 279,215               | -                                      | -                     |
| Capital project carryover-Solid Waste            | -                       | 2,366,128                | 2,366,128             | -                                      | -                     |
| 9-1-1 Enhanced system fee carryover              | 1,206,318               | -                        | 1,206,318             | -                                      | -                     |
| Sheriff Commissary                               | 41,730                  | -                        | 41,730                | -                                      | -                     |
| Operations                                       | 2,483,623               | 6,408,638                | 8,892,261             | -                                      | -                     |
| Unrestricted :                                   |                         |                          |                       |  |                       |
| Governmental type activities                     | 28,196,451              | -                        | 28,196,451            | -                                      | -                     |
| Business type activities                         | -                       | 12,078,779               | 12,078,779            | 232,726                                | 3,803,849             |
| <b>Total Net Assets</b>                          | <b>86,798,164</b>       | <b>46,649,406</b>        | <b>133,447,570</b>    | <b>1,914,202</b>                       | <b>5,551,943</b>      |
| <b>Total Liabilities and Net Assets</b>          | <b>\$ 135,633,618</b>   | <b>\$ 54,511,722</b>     | <b>\$ 190,145,340</b> | <b>\$ 1,946,783</b>                    | <b>\$ 5,646,608</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, 2012**

| Functions/Programs              | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                 |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary government:</b>      |                      |                      |                                    |                                  |
| Governmental activities:        |                      |                      |                                    |                                  |
| General government              | \$ 23,479,212        | \$ 7,425,528         | \$ 2,256,213                       | \$ 161,707                       |
| Public works                    | 1,946,563            | 107,887              | -                                  | 3,629,068                        |
| Public safety                   | 33,653,619           | 10,774,068           | 411,277                            | 49,589                           |
| Sanitation                      | 301,318              | 270                  | 36,187                             | -                                |
| Health and welfare              | 4,549,136            | -                    | -                                  | -                                |
| Culture and recreation          | 817,826              | 468,818              | 115,250                            | 7,725                            |
| Total governmental activities   | 64,747,674           | 18,776,571           | 2,818,927                          | 3,848,089                        |
| Business-type activities:       |                      |                      |                                    |                                  |
| Solid waste and landfill        | 9,037,952            | 10,721,809           | -                                  | 170,058                          |
| Total business-type activities  | 9,037,952            | 10,721,809           | -                                  | 170,058                          |
| <b>Total primary government</b> | <b>\$ 73,785,626</b> | <b>\$ 29,498,380</b> | <b>\$ 2,818,927</b>                | <b>\$ 4,018,1475</b>             |
| <b>Component units:</b>         |                      |                      |                                    |                                  |
| County fair                     | \$ 1,075,553         | \$ 891,033           |                                    |                                  |
| KCEMSS                          | 5,338,932            | 3,735,785            |                                    |                                  |
| <b>Total component units</b>    | <b>\$ 6,414,485</b>  | <b>\$ 4,626,818</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 2012

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

| Governmental<br>Activities | Business-Type<br>Activities | Total                 | Component Units             |                     |
|----------------------------|-----------------------------|-----------------------|-----------------------------|---------------------|
|                            |                             |                       | North Idaho<br>Fair & Rodeo | KCEMSS              |
| \$ (13,635,764)            | \$ -                        | \$ (13,635,764)       | -                           | -                   |
| 1,790,392                  | -                           | 1,790,392             | -                           | -                   |
| (22,418,685)               | -                           | (22,418,685)          | -                           | -                   |
| (264,861)                  | -                           | (264,861)             | -                           | -                   |
| (4,549,136)                | -                           | (4,549,136)           | -                           | -                   |
| (226,033)                  | -                           | (226,033)             | -                           | -                   |
| (39,304,087)               | -                           | (39,304,087)          | -                           | -                   |
| -                          | 1,853,915                   | 1,853,915             | -                           | -                   |
| -                          | 1,853,915                   | 1,853,915             | -                           | -                   |
| <b>(39,304,087)</b>        | <b>1,853,915</b>            | <b>(37,450,172)</b>   | -                           | -                   |
|                            |                             |                       | \$ (184,520)                | \$ -                |
|                            |                             |                       | -                           | (1,603,147)         |
|                            |                             |                       | <b>(184,520)</b>            | <b>(1,603,147)</b>  |
| 42,015,328                 | -                           | 42,015,328            | 100,000                     | 2,144,034           |
| 926,316                    | 346,286                     | 1,272,602             | -                           | 9,630               |
| 400,536                    | 234,389                     | 634,925               | 2,606                       | 15,971              |
| (5,512)                    | 3,452                       | (2,060)               | -                           | 6,881               |
| 526,025                    | (526,025)                   | -                     | -                           | -                   |
| 43,862,693                 | 58,102                      | 43,920,795            | 102,606                     | 2,176,516           |
| 4,558,606                  | 1,912,017                   | 6,470,623             | (81,914)                    | 573,369             |
| 82,239,558                 | 44,737,389                  | 126,976,947           | 1,996,116                   | 4,978,574           |
| <b>\$ 86,798,164</b>       | <b>\$ 46,649,406</b>        | <b>\$ 133,447,570</b> | <b>\$ 1,914,202</b>         | <b>\$ 5,551,943</b> |

**KOOTENAI COUNTY, IDAHO**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2012**

|  | General<br>Fund      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                              |                      |                                |                                |
| Cash in bank and investments               | \$ 30,613,091        | \$ 3,925,046                   | \$ 34,538,137                  |
| Taxes current                              | 38,955,671           | -                              | 38,955,671                     |
| Taxes delinquent-receivable                | 1,485,508            | 416,166                        | 1,901,674                      |
| Accounts receivable, (net)                 | 1,762,582            | 175,484                        | 1,938,066                      |
| Interest receivable                        | 4,181                | 7                              | 4,188                          |
| Grants receivable                          | 169,993              | 1,714,960                      | 1,884,953                      |
| Prepays                                    | 11,856               | 27,076                         | 38,932                         |
| Due from other funds                       | 38,106               | -                              | 38,106                         |
| <b>Total Assets</b>                        | <b>\$ 73,040,988</b> | <b>\$ 6,258,739</b>            | <b>\$ 79,299,727</b>           |
| <b>Liabilities and Fund Balances</b>       |                      |                                |                                |
| <b>Liabilities:</b>                        |                      |                                |                                |
| Accounts payable                           | \$ 850,377           | \$ 2,068,733                   | \$ 2,919,110                   |
| Payroll and related liabilities            | 1,013,286            | 5,099                          | 1,018,385                      |
| Deferred revenues                          | 735,636              | 185,991                        | 921,627                        |
| Deferred grant revenues                    | 4,880                | 260,747                        | 265,627                        |
| Deferred property taxes                    | 39,821,546           | 237,920                        | 40,059,466                     |
| Due to other funds                         | -                    | 38,106                         | 38,106                         |
| <b>Total Liabilities</b>                   | <b>42,425,725</b>    | <b>2,796,596</b>               | <b>45,222,321</b>              |
| <b>Fund Balances:</b>                      |                      |                                |                                |
| Nonspendable                               | 11,856               | 27,076                         | 38,932                         |
| Restricted                                 | 1,622,907            | 2,555,378                      | 4,178,285                      |
| Committed                                  | 7,119,491            | 879,689                        | 7,999,180                      |
| Assigned                                   | 526,073              | -                              | 526,073                        |
| Unassigned                                 | 21,334,936           | -                              | 21,334,936                     |
| <b>Total Fund Balances</b>                 | <b>30,615,263</b>    | <b>3,462,143</b>               | <b>34,077,406</b>              |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 73,040,988</b> | <b>\$ 6,258,739</b>            | <b>\$ 79,299,727</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, 2012**

|   |           |                   |
|---|-----------|-------------------|
| Total governmental fund balances (page 30)  | \$        | 34,077,406        |
| Amounts reported for governmental activities in the statement of net assets (page 27) are different because:  |           |                   |
| 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.   |           | 1,103,795         |
| 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:  |           | 54,423,428        |
| 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. |           | 1,473,720         |
| 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:  |           |                   |
| Compensated Absences  |           | (4,280,185)       |
| <b>Total Net Assets of Governmental Activities as shown on the Statement of Net Assets:</b>   | <b>\$</b> | <b>86,798,164</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, 2012**

|   | General<br>Fund      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                             |                      |                                |                                |
| Taxes                                       | \$ 33,468,491        | \$ 8,937,610                   | \$ 42,406,101                  |
| Licenses and permits                        | 1,334,123            | 155,870                        | 1,489,993                      |
| Intergovernmental                           | 9,016,639            | 5,528,065                      | 14,544,704                     |
| Interest                                    | 399,876              | 660                            | 400,536                        |
| Fines and forfeitures                       | 289,828              | 988,451                        | 1,278,279                      |
| Charges for services                        | 6,223,537            | 1,153,444                      | 7,376,981                      |
| Miscellaneous                               | 513,735              | 1,145,448                      | 1,659,183                      |
| <b>Total Revenues</b>                       | <b>51,246,229</b>    | <b>17,909,548</b>              | <b>69,155,777</b>              |
| <b>Expenditures</b>                         |                      |                                |                                |
| Current:                                    |                      |                                |                                |
| General government                          | 18,192,010           | 3,766,762                      | 21,958,772                     |
| Public works                                | -                    | 724,616                        | 724,616                        |
| Public safety                               | 27,612,314           | 4,504,182                      | 32,116,496                     |
| Sanitation                                  | -                    | 289,813                        | 289,813                        |
| Health & welfare                            | 342,498              | 4,196,908                      | 4,539,406                      |
| Culture and recreation                      | -                    | 642,883                        | 642,883                        |
| Capital Outlay:                             |                      |                                |                                |
| Capital expenditures                        | 2,514,567            | 103,724                        | 2,618,291                      |
| Construction in progress                    | 809,794              | 4,082,981                      | 4,892,775                      |
| <b>Total Expenditures</b>                   | <b>49,471,183</b>    | <b>18,311,869</b>              | <b>67,783,052</b>              |
| <b>Excess of Revenues Over (Under)</b>      |                      |                                |                                |
| <b>Expenditures</b>                         | <b>1,775,046</b>     | <b>(402,321)</b>               | <b>1,372,725</b>               |
| <b>Other Financing Sources (Uses)</b>       |                      |                                |                                |
| Proceeds insurance                          | 15,133               | 7,878                          | 23,011                         |
| Transfers In                                | 520,685              | 60,825                         | 581,510                        |
| Transfers (out)                             | (29,435)             | (26,050)                       | (55,485)                       |
| <b>Total Other Financing Sources (Uses)</b> | <b>506,383</b>       | <b>42,653</b>                  | <b>549,036</b>                 |
| <b>Net Change in Fund Balances</b>          | <b>2,281,429</b>     | <b>(359,668)</b>               | <b>1,921,761</b>               |
| <b>Fund Balances Beginning of Year</b>      | <b>28,333,834</b>    | <b>3,821,811</b>               | <b>32,155,645</b>              |
| <b>Fund Balances End of Year</b>            | <b>\$ 30,615,263</b> | <b>\$ 3,462,143</b>            | <b>\$ 34,077,406</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, 2012**

|   |           |                  |
|---|-----------|------------------|
| Net change in fund balances - total governmental funds (page 32)  | \$        | 1,921,761        |
| Amounts reported for governmental activities in the statement of activities (pages 28 and 29) 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. |           |                  |
|   |           | (390,773)        |
| 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. (\$7,511,066 - \$4,425,929)   |           |                  |
|   |           | 3,085,138        |
| Loss on disposal of Capital Assets  |           | (5,512)          |
| 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.  |           |                  |
|   |           | 2,183            |
| 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.   |           |                  |
|   |           | (246,402)        |
| 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.  |           |                  |
|   |           | 192,211          |
| <b>Total Change in Net Assets of Governmental Activities as shown on the Statement of Activities</b>  | <b>\$</b> | <b>4,558,606</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, 2012 and 2011**

|   | Business-type activity |                      | Governmental-type activity |                       |
|---|------------------------|----------------------|----------------------------|-----------------------|
|   | Solid Waste            | Enterprise Fund      | Health Insurance           | Internal Service Fund |
|   | 2012                   | 2011                 | 2012                       | 2011                  |
| <b>Assets</b>                           |                        |                      |                            |                       |
| Current Assets:                         |                        |                      |                            |                       |
| Cash and investments                    | \$ 21,172,004          | \$ 17,558,661        | \$ 1,944,400               | \$ 1,536,171          |
| Delinquent charges-receivable           | -                      | 23,296               | -                          | -                     |
| Accounts receivable, (net)              | 523,036                | 650,076              | 7,810                      | 76,311                |
| Prepays                                 | -                      | -                    | 1,459                      | -                     |
| Interest receivable                     | 1,821                  | 2,310                | -                          | -                     |
| Total Current Assets                    | <u>21,696,861</u>      | <u>18,234,343</u>    | <u>1,953,669</u>           | <u>1,612,482</u>      |
| Noncurrent Assets:                      |                        |                      |                            |                       |
| Restricted Assets:                      |                        |                      |                            |                       |
| Cash held for closure and post closure  | 7,019,000              | 7,137,453            | -                          | -                     |
| Capital Assets:                         |                        |                      |                            |                       |
| Land                                    | 1,658,532              | 1,657,532            | -                          | -                     |
| Depreciable capital assets, (net)       | 23,610,302             | 25,085,949           | -                          | -                     |
| Construction in progress                | 527,027                | 56,224               | -                          | -                     |
| Total Noncurrent Assets                 | <u>32,814,861</u>      | <u>33,937,158</u>    | <u>-</u>                   | <u>-</u>              |
| <b>Total Assets</b>                     | <b>\$ 54,511,722</b>   | <b>\$ 52,171,501</b> | <b>\$ 1,953,669</b>        | <b>\$ 1,612,482</b>   |
| <b>Liabilities</b>                      |                        |                      |                            |                       |
| Current Liabilities:                    |                        |                      |                            |                       |
| Accounts payable                        | \$ 635,417             | \$ 399,448           | \$ 41,235                  | \$ 42,507             |
| Payroll and other related liabilities   | -                      | 977                  | 438,714                    | 288,466               |
| Other accrued liabilities               | -                      | 23,296               | -                          | -                     |
| Deferred revenue                        | -                      | 170,058              | -                          | -                     |
| Compensated absences-current            | 6,296                  | 6,452                | -                          | -                     |
| Total Current Liabilities               | <u>641,713</u>         | <u>600,231</u>       | <u>479,949</u>             | <u>330,973</u>        |
| Long-Term Liabilities:                  |                        |                      |                            |                       |
| Compensated absences                    |                        |                      |                            |                       |
| due in more than one year               | 201,603                | 201,881              | -                          | -                     |
| Landfill closure liability              | 7,019,000              | 6,632,000            | -                          | -                     |
| Total Long-Term Liabilities             | <u>7,220,603</u>       | <u>6,833,881</u>     | <u>-</u>                   | <u>-</u>              |
| <b>Total Liabilities</b>                | <u>7,862,316</u>       | <u>7,434,112</u>     | <u>479,949</u>             | <u>330,973</u>        |
| <b>Net Assets</b>                       |                        |                      |                            |                       |
| Invested in capital assets              | 25,795,861             | 26,799,705           | -                          | -                     |
| Restricted for:                         |                        |                      |                            |                       |
| Landfill closure designation            | -                      | 505,453              | -                          | -                     |
| Capital appropriations carryover        | 2,366,128              | 1,294,898            | -                          | -                     |
| Operations - landfill expansion         | 6,408,638              | -                    | -                          | -                     |
| Unrestricted                            | 12,078,779             | 16,137,333           | 1,473,720                  | 1,281,509             |
| <b>Total Net Assets</b>                 | <u>46,649,406</u>      | <u>44,737,389</u>    | <u>1,473,720</u>           | <u>1,281,509</u>      |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 54,511,722</b>   | <b>\$ 52,171,501</b> | <b>\$ 1,953,669</b>        | <b>\$ 1,612,482</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, 2012 and 2011**

|   | Business-type activity |                      | Governmental-type activity |                       |
|---|------------------------|----------------------|----------------------------|-----------------------|
|   | Solid Waste            | Enterprise Fund      | Health Insurance           | Internal Service Fund |
|   | 2012                   | 2011                 | 2012                       | 2011                  |
| <b>Operating Revenues</b>                               |                        |                      |                            |                       |
| Charges for services                                    | \$ 10,721,809          | \$ 10,597,104        | \$ 6,407,193               | \$ 5,932,954          |
| Miscellaneous   | 516,344                | 430,663              | 54,883                     | 32,862                |
| <b>Total Operating Revenues</b>                         | <b>11,238,153</b>      | <b>11,027,767</b>    | <b>6,462,076</b>           | <b>5,965,816</b>      |
| <b>Operating Expenses</b>                               |                        |                      |                            |                       |
| Personnel services                                      | 2,926,993              | 2,868,533            | 6,839                      | 8,206                 |
| Professional services                                   | 2,011,262              | 2,052,451            | 6,415,143                  | 6,345,354             |
| Utilities   | 136,517                | 139,178              | -                          | -                     |
| Materials and supplies                                  | 774,396                | 739,191              | -                          | -                     |
| Maintenance and repairs                                 | 227,408                | 175,232              | -                          | -                     |
| Other services and expenses                             | 150,225                | 161,307              | -                          | -                     |
| Depreciation and amortization                           | 2,424,151              | 2,981,366            | -                          | -                     |
| Landfill closure and post closure expense               | 387,000                | 322,000              | -                          | -                     |
| <b>Total Operating Expenses</b>                         | <b>9,037,952</b>       | <b>9,439,258</b>     | <b>6,421,982</b>           | <b>6,353,560</b>      |
| <b>Operating Income (Loss)</b>                          | <b>2,200,201</b>       | <b>1,588,509</b>     | <b>40,094</b>              | <b>(387,744)</b>      |
| <b>Non-Operating Revenues</b>                           |                        |                      |                            |                       |
| Intergovernmental revenues                              | -                      | -                    | 152,117                    | 132,724               |
| Interest and investment revenue                         | 234,389                | 95,237               | -                          | -                     |
| Gain on sale of assets                                  | 3,452                  | 16,864               | -                          | -                     |
| <b>Total Non-Operating Revenues</b>                     | <b>237,841</b>         | <b>112,101</b>       | <b>152,117</b>             | <b>132,724</b>        |
| <b>Income (Loss) before Contributions and Transfers</b> | <b>2,438,042</b>       | <b>1,700,610</b>     | <b>192,211</b>             | <b>(255,020)</b>      |
| Transfers In  | 13,606                 | -                    | -                          | -                     |
| Transfers out   | (539,631)              | (816,294)            | -                          | -                     |
| <b>Change in Net Assets</b>                             | <b>1,912,017</b>       | <b>884,316</b>       | <b>192,211</b>             | <b>(255,020)</b>      |
| <b>Net Assets Beginning of Year</b>                     | <b>44,737,389</b>      | <b>43,853,073</b>    | <b>1,281,509</b>           | <b>1,536,529</b>      |
| <b>Net Assets End of Year</b>                           | <b>\$ 46,649,406</b>   | <b>\$ 44,737,389</b> | <b>\$ 1,473,720</b>        | <b>\$ 1,281,509</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, 2012 and 2011**

|  | Business-type Activities - Enterprise Fund<br>Solid Waste |                      | Governmental Activities<br>Internal Service Fund<br>Health Insurance |                     |
|--|---|----------------------|--|---------------------|
|  | 2012  | 2011                 | 2012   | 2011                |
| <b>Cash Flows from Operating Activities</b>  |   |                      |  |                     |
| Cash received from customers   | \$ 10,872,145   | \$ 10,688,560        | \$ 6,475,694   | \$ 5,889,505        |
| Other cash receipts  | 516,344   | 430,663              | 54,883   | -                   |
| Cash payments to employees   | (2,951,699)   | (2,944,332)          | (9,570)  | (8,206)             |
| Cash payments for goods and services   | (3,233,898)   | (3,119,348)          | (6,264,895)  | (6,496,838)         |
| Internal activity - payments from other funds  | 489   | 6,810                | -  | -                   |
| <b>Net cash provided (used) by operating activities</b>  | <b>5,203,381</b>  | <b>5,062,353</b>     | <b>256,112</b>   | <b>(615,539)</b>    |
| <b>Cash Flows from Noncapital Financing Activities</b>   |   |                      |  |                     |
| Intergovernmental revenues   | -   | -                    | 152,117  | 132,724             |
| Transfers out  | (526,025)   | (816,294)            | -  | -                   |
| <b>Net cash provided (used) by noncapital financing activities</b>                             | <b>(526,025)</b>  | <b>(816,294)</b>     | <b>152,117</b>   | <b>132,724</b>      |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                |   |                      |  |                     |
| Payments for capital acquisitions  | (1,420,307)   | (876,149)            | -  | -                   |
| Proceeds from sale of capital assets   | 3,452   | 16,864               | -  | -                   |
| <b>Net cash used by capital and related financing activities</b>                               | <b>(1,416,855)</b>  | <b>(859,285)</b>     | <b>-</b>   | <b>-</b>            |
| <b>Cash Flows from Investing Activities</b>  |   |                      |  |                     |
| Interest on investments  | 234,389   | 95,237               | -  | -                   |
| <b>Net cash provided by investing activities</b>   | <b>234,389</b>  | <b>95,237</b>        | <b>-</b>   | <b>-</b>            |
| <b>Net increase (decrease) in Cash and Cash Equivalents</b>                                    | <b>3,494,890</b>  | <b>3,482,011</b>     | <b>408,229</b>   | <b>(482,815)</b>    |
| <b>Cash and Cash Equivalents Beginning of Year</b>   | <b>24,696,114</b>   | <b>21,214,103</b>    | <b>1,536,171</b>   | <b>2,018,986</b>    |
| <b>Cash and Cash Equivalents End of Year</b>   | <b>\$ 28,191,004</b>                                      | <b>\$ 24,696,114</b> | <b>\$ 1,944,400</b>  | <b>\$ 1,536,171</b> |
| <b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>  |   |                      |  |                     |
| Operating Income (Loss)  | \$ 2,200,201  | \$ 1,588,509         | \$ 40,094  | \$ (387,744)        |
| <i>Adjustments to reconcile operating income to net cash provided by operating activities:</i> |   |                      |  |                     |
| Depreciation   | 2,424,152   | 2,981,366            | -  | -                   |
| <i>(Increase) Decrease in Assets:</i>  |   |                      |  |                     |
| Accounts receivable  | 150,336   | 91,456               | 68,501   | (76,312)            |
| Interest receivable  | 489   | 6,810                | -  | -                   |
| Inventories and prepaid expenses   | -   | -                    | (1,459)  | -                   |
| <i>Increase (Decrease) in Liabilities:</i>   |   |                      |  |                     |
| Accounts payable   | 235,968   | (22,047)             | (1,272)  | (151,484)           |
| Payroll and other related liabilities  | (977)   | (22,458)             | 150,248  | -                   |
| Deferred revenue   | (170,058)   | 170,058              | -  | -                   |
| Compensated absences payable and other accrd liabilities                                       | (23,730)  | (53,341)             | -  | -                   |
| Landfill closure/postclosure liability   | 387,000   | 322,000              | -  | -                   |
| <b>Net Cash Provided (used) by Operating Activities</b>  | <b>\$ 5,203,381</b>                                       | <b>\$ 5,062,353</b>  | <b>\$ 256,112</b>  | <b>\$ (615,539)</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, 2012**

|   | Private-Purpose<br>Trust Funds | Agency<br>Funds     |
|---|--------------------------------|---------------------|
| <b>Assets</b>                                       |                                |                     |
| Cash and investments                                | \$ 4,404,887                   | \$ 1,807,651        |
| Receivables:  |                                |                     |
| Taxes delinquent                                    | 24,222                         | 5,961,479           |
| Accounts receivable, (net)                          | 10,478                         | -                   |
|   | <b>4,439,587</b>               | <b>\$ 7,769,130</b> |
| <b>Liabilities</b>                                  |                                |                     |
| Accounts payable                                    | \$ 14,191                      | \$ 1,734,373        |
| Uncollected property taxes due to other governments | 476,594                        | 5,989,825           |
| Due in more than one year                           | 20,208                         | -                   |
| Due to other individuals                            | 3,443,144                      | -                   |
| Due to other governments                            | 404,196                        | 44,932              |
|   | <b>4,358,333</b>               | <b>\$ 7,769,130</b> |
| <b>Net Assets</b>                                   |                                |                     |
| <b>Held in trust for other purposes</b>             | <b>\$ 81,254</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, 2012**

|                               | Private-Purpose<br>Trust Funds |
|-------------------------------|--------------------------------|
|                               | 2012                           |
| <b>Additions</b>              |                                |
| Trust receipts                | \$ 105,649                     |
| <b>Deductions</b>             |                                |
| Trust withdrawals             | 147,738                        |
| Decrease in Net Assets        | (42,089)                       |
| Net Assets Beginning of Year  | 123,343                        |
| <b>Net Assets End of Year</b> | <b>\$ 81,254</b>               |

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

# Notes to the Financial Statement

## Sun Up Bay

*continued*



*continued*



NOTES TO THE FINANCIAL STATEMENTS

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**KOOTENAI COUNTY, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2012**

**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 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 GAAP, the basic financial statements of the North Idaho Fair & Rodeo and the Kootenai County Emergency Medical Services System (KCEMSS) have been included in the financial reporting entity as discretely presented component units, emphasizing their nature as legally separate entities from the County. We present these component units as separate columns within the "basic" financial statements on the combined financial statements.

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

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

# Kootenai County Comprehensive Annual Financial Report - FY 2012

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

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

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

The North Idaho Fair & Rodeo fiscal year runs from January 1 through December 31, and reported a change of net assets decrease of \$81,914 for the fiscal year ending December 31, 2011. As of September 30, 2012, KCEMSS reports a change in net assets increase of \$573,369 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 service expense. Other interfund services provided and used by the government are not eliminated in consolidation of the government-wide financial statements.

Revenues are broken out by program and general designations. Program revenues display the extent to which programs are self-funded. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, activity, or component unit. Program revenues also include grants and contributions that are restricted to meeting

the operational or capital requirements of a particular program. Taxes and other revenue sources that are not attributable to specific programs are shown as general revenues.

***Fund Statement***

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

Separate financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on *major funds*. Major governmental and business-type funds are reported as separate columns in the fund statement. The remaining governmental and business-type funds are considered to be *nonmajor funds* and are consolidated in a nonmajor funds column (on the combined fund statements). The nonmajor funds are displayed individually in combining financial statements and schedules 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 65 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. As both revenue recognition criteria are realized in the subsequent period, 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. County policy dictates the use of restricted resources first when both restricted and unrestricted resources are available. 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 end, 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.

The County's investments are guided by Idaho State statute, Section 67, Chapter 12, which authorizes investments in US Treasury obligations, commercial paper, certificates of deposit, money market funds, and the State Treasurer's Local Government Investment Pool (LGIP). The Idaho State Treasurer, authorized by Sections 67-2327 and 67-2328, sponsors external investment pools for which Kootenai County voluntarily participates. The County invests idle monies in two types of LGIP funds: 1) short-term LGIP which consists of highly liquid, short-term investments with the availability to withdraw funds up to \$10 million overnight, and 2) Diversified Bond Fund (DBF) which invests idle monies of Idaho Governments over a longer time horizon in exchange for potentially greater returns over the long run (3.5 years or longer).

The County is limited by State Code for investing idle funds into the following investment 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 a portion of the Proprietary Fund, are invested by the County's Treasurer and accounted for in a separate Pooled Cash and Investment fund. The portion of the Pooled Cash and Investments Fund belonging to each County fund is reported as *Claims on Treasury Cash* within the individual fund. The County's policy has been to hold investments until maturity to reduce market fluctuation risk.

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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, historical costs were estimated by indexing current costs back to approximate date of acquisition or construction.

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 and proprietary 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 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 that must remain 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. 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. All fund balance assignments have been designated by the BOCC for the financial statement reporting period. 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 BOCC's 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 70 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 \$4,280,185 difference are as follows:

**Compensated absences**

|   |                                   |
|---|-----------------------------------|
| Current portion   | \$ 129,628                        |
| Due in more than one year   | <u>4,150,557</u>                  |
| <b>Net adjustment to reduce fund balance -<br/>total governmental funds to arrive at net assets -<br/>governmental activities</b> | <b><u><u>\$ 4,280,185</u></u></b> |

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 \$1,473,720 difference are as follows:

|   |                                   |
|---|-----------------------------------|
| Beginning net assets of the internal service fund         | \$ 1,281,509                      |
| Change in fund net assets                                 | <u>192,211</u>                    |
| <b>Net adjustment to increase governmental net assets</b> | <b><u><u>\$ 1,473,720</u></u></b> |

**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 \$390,772 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 \$3,085,138 difference are as follows:

|   |                                   |
|---|-----------------------------------|
| Capital outlay  | \$ 7,511,067                      |
| Depreciation expense  | <u>(4,425,929)</u>                |
| <b>Net adjustment to increase net changes in fund balances -<br/>total governmental funds to arrive at changes in net assets<br/>of governmental activities</b> | <b><u><u>\$ 3,085,138</u></u></b> |

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Disposed capital asset values exceeded sale proceeds in the amount of \$5,512.

Proceeds from sale of assets is \$2,183.

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 \$246,402 difference are as follows:

|   |                          |
|---|--------------------------|
| Change in compensated absences  | \$ 246,402               |
| <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>\$ 246,402</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 \$192,211 difference are as follows:

|   |                          |
|---|--------------------------|
| Revenues:   |                          |
| Charges for Services  | \$ 6,407,193             |
| Miscellaneous   | 54,883                   |
| Intergovernmental Revenue   | <u>152,117</u>           |
| Total Revenues  | 6,614,193                |
| Less expenditures:  | <u>(6,421,982)</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>\$ 192,211</u></b> |

### NOTE 3: DEPOSITS AND INVESTMENTS

As of September 30, 2012, Kootenai County had the following investments:

| Investment Type<br>(amounts are in thousands)   | 9/30/2012<br>(Fair Value) | Weighted Average<br>Maturity (Years) |
|---|---------------------------|--------------------------------------|
| U.S. Treasuries                                 | \$ 19,493                 | 1.63                                 |
| State of Idaho Local Government Investment Pool |                           |                                      |
| Short-term LGIP Investments                     | 20,970                    | 0.36                                 |
| DBF LGIP Investments                            | 19,638                    | 2.81                                 |
| Certificates of Deposits                        | 7,950                     | 0.26                                 |
| Money Market Investments                        | <u>5</u>                  | 0.00                                 |
| <b>Total fair value of investments:</b>         | <b><u>\$ 68,056</u></b>   |                                      |
| Portfolio weighted average maturity             |                           | 1.42                                 |

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 on idle monies. 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. The County's fair value of its position in the pool is the same as the per share value of total Investment Pool. The State of Idaho's reported weighted average maturity of investments for short-term LGIP funds is 114 days, and DBF-LGIP funds is 2.81 years, at September 30, 2012.

*Interest rate risk.* This is the risk that a change in interest rates could adversely affect the underlying value and return of the principal invested. The County is exposed to interest risk on the idle monies in DBF-LGIP Investments totaling \$19,637,783. The County does not have a specific investment policy managing its exposure to interest rate risk.

*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.* Kootenai County has no official investment policy for reducing 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, 2012, 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 | 59.7%       |
| Federal National Mortgage Association           | 11.0%       |
| Federal Home Loan Bank                          | 10.5%       |
| US Bank   | 8.8%        |

*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 manages custodial credit risk by investing only in qualified institutions that are sufficiently capitalized as determined by the State Treasurer's Office according to State of Idaho Statute 67-2739. Additionally, the County requires certain institutions to hold collateral investments in the County's name for deposits held above FDIC limits. As of September 30, 2012, \$4,837 of Kootenai County's bank & Investment balance of \$68,055,512, 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 all of KCEMSS' bank balance of \$2,863,124 was insured or collateralized with securities held by the pledging financial institution's trust department or agent, and in the KCEMSS's name. The North Idaho Fair & Rodeo, another discretely presented component unit had no exposure to custodial credit risk because all of the North Idaho Fair & Rodeo's bank balance of \$265,253 was insured or collateralized with securities held by the pledging financial institution's trust department or agent, and 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 yearend 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<br>Governmental<br>Funds | Proprietary<br>Funds | Total                |
|--|----------------------|------------------------------------|----------------------|----------------------|
| Accounts Receivable:                     |                      |                                    |                      |                      |
| Interest                                 | \$ 4,181             | \$ 7                               | \$ 1,821             | \$ 6,009             |
| General accounts                         | 1,762,582            | 175,484                            | 565,846              | 2,503,912            |
| Taxes                                    | 40,441,179           | 416,166                            | -                    | 40,857,345           |
| Grants                                   | 169,993              | 1,714,960                          | -                    | 1,884,953            |
| Gross Accounts Receivable                | 42,377,935           | 2,306,617                          | 567,667              | 45,252,219           |
| Less: allowance for<br>doubtful accounts | -                    | -                                  | (35,000)             | (35,000)             |
| <b>Net total Accounts Receivable</b>     | <b>\$ 42,377,935</b> | <b>\$ 2,306,617</b>                | <b>\$ 532,667</b>    | <b>\$ 45,217,219</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, 2012, 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 - unearned in FY 2012                       | \$ -                | \$ 38,955,671        |
| Delinquent property taxes receivable (general fund)                              | 865,875             | -                    |
| Delinquent property taxes receivable (other governmental funds)                  | 237,920             | -                    |
| Intergovernmental services not yet performed (general fund)                      | -                   | 735,636              |
| Special Revenue program services not yet performed<br>(other governmental funds) | -                   | 185,991              |
| Grant draw downs prior to meeting all eligibility requirements                   | -                   | 265,627              |
| <b>Total deferred and unearned revenue<br/>for governmental funds</b>            | <b>\$ 1,103,795</b> | <b>\$ 40,142,925</b> |

## NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012 (in thousands) is as follows:

| GOVERNMENTAL ACTIVITIES                        | Balance 9/30/11 | Additions | Deletions | Transfers | Balance 9/30/12 |
|--|-----------------|-----------|-----------|-----------|-----------------|
| Capital assets, not being depreciated:         |                 |           |           |           |                 |
| Other Assets                                   | \$ 72           | \$ 174    | \$ -      | \$ 64     | \$ 310          |
| Land   | 5,417           | -         | -         | -         | 5,417           |
| Construction in progress                       | 9,112           | 4,751     | -         | (7,416)   | 6,447           |
| Total capital assets,<br>not being depreciated | 14,601          | 4,925     | -         | (7,352)   | 12,174          |
| Capital assets, being depreciated:             |                 |           |           |           |                 |
| Buildings                                      | 39,410          | 170       | -         | 196       | 39,776          |
| Improvements other than buildings              | 26,655          | 24        | -         | 7,163     | 33,842          |
| Machinery and equipment                        | 25,033          | 2,403     | (501)     | (7)       | 26,928          |
| Total capital assets, being depreciated        | 91,098          | 2,597     | (501)     | 7,352     | 100,546         |

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|   |                  |                 |               |             |                  |
|---|------------------|-----------------|---------------|-------------|------------------|
| Less accumulated depreciation for:                |                  |                 |               |             |                  |
| Buildings   | (18,419)         | (1,195)         | -             | -           | (19,614)         |
| Improvements other than buildings                 | (16,971)         | (1,361)         | -             | -           | (18,332)         |
| Machinery and equipment                           | (18,967)         | (1,878)         | 494           | -           | (20,351)         |
| <b>Total accumulated depreciation</b>             | <b>(54,357)</b>  | <b>(4,434)</b>  | <b>494</b>    | <b>-</b>    | <b>(58,297)</b>  |
| Total capital assets, being depreciated, net:     | 36,741           | (1,837)         | -             | 7,352       | 42,249           |
| <b>Government activities capital assets, net:</b> | <b>\$ 51,342</b> | <b>\$ 3,088</b> | <b>\$ (7)</b> | <b>\$ -</b> | <b>\$ 54,423</b> |

| <b>BUSINESS-TYPE ACTIVITIES</b>                      | Balance 9/30/11  | Additions         | Deletions    | Transfers   | Balance 9/30/12  |
|--|------------------|-------------------|--------------|-------------|------------------|
| Capital assets, not being depreciated:               |                  |                   |              |             |                  |
| Land   | \$ 1,658         | \$ 1              | \$ -         | \$ -        | \$ 1,659         |
| Construction in progress                             | 57               | 491               | -            | (21)        | 527              |
| <b>Total capital assets, not being depreciated</b>   | <b>1,715</b>     | <b>492</b>        | <b>-</b>     | <b>(21)</b> | <b>2,186</b>     |
| Capital assets, being depreciated:                   |                  |                   |              |             |                  |
| Buildings  | 613              | 23                | -            | 21          | 657              |
| Improvements other than buildings                    | 1,667            | 16                | -            | -           | 1,683            |
| Machinery and equipment                              | 10,306           | 826               | (261)        | -           | 10,871           |
| Transfer Stations                                    | 19,721           | 67                | -            | -           | 19,788           |
| Landfill   | 18,366           | 13                | -            | -           | 18,379           |
| <b>Total capital assets, being depreciated</b>       | <b>50,673</b>    | <b>945</b>        | <b>(261)</b> | <b>21</b>   | <b>51,378</b>    |
| Less accumulated depreciation for:                   |                  |                   |              |             |                  |
| Buildings  | (374)            | (31)              | -            | -           | (405)            |
| Improvements other than buildings                    | (691)            | (134)             | -            | -           | (825)            |
| Machinery and equipment                              | (7,246)          | (893)             | 261          | -           | (7,878)          |
| Transfer Stations                                    | (5,217)          | (685)             | -            | -           | (5,902)          |
| Landfill   | (12,060)         | (698)             | -            | -           | (12,758)         |
| <b>Total accumulated depreciation</b>                | <b>(25,588)</b>  | <b>(2,441)</b>    | <b>261</b>   | <b>-</b>    | <b>(27,768)</b>  |
| Total capital assets, being depreciated, net:        | 25,085           | (1,496)           | -            | 21          | 23,610           |
| <b>Business-type activities capital assets, net:</b> | <b>\$ 26,800</b> | <b>\$ (1,004)</b> | <b>\$ -</b>  | <b>\$ -</b> | <b>\$ 25,796</b> |

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

|   |                     |
|---|---------------------|
| Governmental Activities:  |                     |
| General Government  | \$ 1,168,174        |
| Public Works  | 1,363,453           |
| Public Safety   | 1,716,504           |
| Sanitation Weeds  | 8,145               |
| Culture and Recreation  | 177,574             |
| <b>Total governmental activities current year depreciation expense</b>  | <b>\$ 4,433,850</b> |
| Business-type activity:   |                     |
| Solid Waste   | \$ 2,442,151        |
| <b>Total business-type activities current year depreciation expense</b> | <b>\$ 2,442,151</b> |

The tables above summarize general government and solid waste capital assets and related accumulated depreciation as of September 30, 2012.

The additions to Construction in Progress totaled \$4,751,714, during fiscal year 2012 for governmental activities major projects included in that total are:

- AIP 29 Airport Master Plan continued work is \$57,745.
- Second Year costs of the AIP 32 project's Electronic Airport Layout Plan (a.k.a. AGIS) are \$373,003.
- Continued costs of a new ARFF (Aircraft Rescue and Fire Fighting) building being constructed under the AIP 34 grant: costs for the second year of this project are \$1,108,253.
- Costs associated with three Airport Improvement Projects; AIP 35 of \$138,794, AIP 36 of \$380,485, and AIP 37 of \$1,796,710 entailing an overlay of Runway 119 and a rehabilitation of Taxiway D.
- Completion costs for remodeling of the Driver's License department are \$209 and those related to the Old Courthouse are \$25,601 for fiscal year 2012.
- Reconfiguration of the 911 Communications Center costs are \$336,087 for the year.
- Final costs associated with major improvements to the Juvenile Justice Center of \$17,083 and \$183 for the Detectives Office at the Jail court shell.
- Costs relating to the upgrade of an RV dumpsite located near the Sheriff's department are \$13,645.
- Waterways project costs for fiscal year 2012 are \$39,695 and include projects at Upper Twin Lake, and Mica and Sun Up Bay on Lake Coeur d'Alene as well as a grant-funded Floating Toilet at Mowry State Park.
- First year costs of several new projects including:
  1. Facilities Master Plan for \$75,247,
  2. Repaving project at the Sheriff's departments of \$12,462,
  3. Work relating to a Wireless/Paperless Project of \$48,861,
  4. Fiberoptic Backbone Project with costs of \$157,999,
  5. Centennial Trail resurfacing project of \$169,652.

Buildings additions of \$169,740 for fiscal year 2012 include:

- A new Boiler at the Courthouse for \$22,843.
- Improvements at the Jail of \$15,860 which correlates to the reconfiguration of the HVAC system.
- Improvements to the Post Falls Veteran Services office for \$21,373
- The beginning costs to create a chemical storage facility for the Noxious Weed Control department of \$5,000.
- Costs relating to a new building to house the Kootenai County Sheriff's departments Mobile Command equipment for \$104,664.

Additions to Improvements Other Than Buildings for governmental activities during fiscal year 2012 consist of \$24,001 for new bullet proof glass and an HVAC unit at 911 Communications Center.

Additions for Machinery and Equipment of \$2,403,548 for governmental activities include ten sheriff patrol vehicles outfitted with mobile data units and safety equipment, fourteen county vehicles, Viper phone system for enhanced capabilities at the 911 Communications Center and ninety- eight mobile radios with 700 Mhz functionality. Disposals for Machinery and Equipment with historical costs of \$501,209, and related depreciation of \$493,858 includes fifteen vehicles and vehicle accessories, out-dated 911 communications equipment, and obsolete office and computer equipment.

Land increase of \$1,000 is associated with the earnest money paid on property the Carlin Bay boat launch to improve access to the launch.

The Solid Waste Enterprise Fund capital expenditures during fiscal year 2012 totaled \$1,438,307. This includes:

- Construction in Progress increase of \$492,085 is attributed to the continued costs of the Gas to Energy project of \$170,058, \$70,867 for Mega Wells, \$104,767 for Leachate Treatment improvements and \$146,393 for the East Cell Expansion all at the Fighting Creek Landfill.
- An increase in Solid Waste Lands of \$1,000 which correlates to earnest money for a new Rural Site at Chilco.
- Additions to Buildings for fiscal year 2012 are \$22,887 for the completion of an Equipment Storage building at the Prairie Transfer Station.
- Improvements Other than Buildings increase of \$15,859 is attributed to a pit overlay the Ramsey Transfer Station.
- Machinery and Equipment purchases of \$826,670 include an Articulating Truck, a Loader, a semi truck, and two additional transfer trailers.
- Machinery and Equipment disposals totaling \$261,445 include a Loader, 2 transfer trailers, and other obsolete equipment and computers, all of which have been fully depreciated.

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### *Discretely presented component units:*

Activity for the Kootenai County Emergency Medical Services System for the year ended September 30, 2012, was as follows:

|  | Balance 9/30/11     | Additions         | Deletions         | Balance 9/30/12     |
|--|---------------------|-------------------|-------------------|---------------------|
| <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             | 7,700             | -                 | 492,450             |
| Machinery and equipment                      | 540,190             | 134,571           | (9,000)           | 665,761             |
| Vehicles                                     | 1,788,601           | 356,368           | (287,614)         | 1,857,355           |
| Total capital assets, being depreciated      | 2,813,541           | 498,639           | (296,614)         | 3,015,566           |
| Less accumulated depreciation for:           |                     |                   |                   |                     |
| Building                                     | (37,415)            | (18,628)          | -                 | (56,043)            |
| Machinery and equipment                      | (354,152)           | (65,622)          | 7,393             | (412,381)           |
| Vehicles                                     | (1,309,015)         | (184,234)         | 287,614           | (1,205,635)         |
| Total accumulated depreciation               | (1,700,582)         | (268,484)         | 295,007           | (1,674,059)         |
| Total capital assets, being depreciated, net | 1,112,959           | 230,155           | (1,607)           | 1,341,507           |
| <b>KCEMSS activity capital assets, net</b>   | <b>\$ 1,516,949</b> | <b>\$ 230,155</b> | <b>\$ (1,607)</b> | <b>\$ 1,745,497</b> |

Activity for the North Idaho Fair and Rodeo for the year ended December 31, 2011 was as follows:

|  | Balance 12/31/10    | Additions          | Deletions   | Balance 12/31/11    |
|--|---------------------|--------------------|-------------|---------------------|
| <b>North Idaho Fair Component Unit Activity</b>      |                     |                    |             |                     |
| Capital assets, being depreciated:                   |                     |                    |             |                     |
| Machinery and Equipment                              | \$ 311,451          | \$ 16,376          | \$ -        | \$ 327,827          |
| Buildings  | 2,751,252           | 500                | -           | 2,751,752           |
| Total capital assets, being depreciated              | 3,062,703           | 16,876             | -           | 3,079,579           |
| Less accumulated depreciation for:                   |                     |                    |             |                     |
| Machinery and Equipment                              | (252,723)           | (23,647)           | -           | (276,370)           |
| Buildings  | (1,046,477)         | (75,256)           | -           | (1,121,733)         |
| Total accumulated depreciation                       | (1,299,200)         | (98,903)           | -           | (1,398,103)         |
| Total capital assets, being depreciated, net         | 1,763,503           | (82,027)           | -           | 1,681,476           |
| <b>North Idaho Fair activity capital assets, net</b> | <b>\$ 1,763,503</b> | <b>\$ (82,027)</b> | <b>\$ -</b> | <b>\$ 1,681,476</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 ownership 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, 2012.

| Fiscal Year<br>Ending September 30,    | Governmental<br>Activities |
|--|----------------------------|
| 2013                                   | \$ 177,341                 |
| 2014                                   | 54,899                     |
| 2015                                   | 2,557                      |
| 2016                                   | -                          |
| 2017                                   | -                          |
| 2018-2022                              | -                          |
| <b>Total Minimum Payments Required</b> | <b>\$ 234,797</b>          |

The total expenditure for operating leases during the fiscal year ending September 30, 2012, totaled \$186,943.

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

*Changes in Long-term Obligations:*

During the year ending September 30, 2012, the following changes occurred with liabilities reported in the general long-term obligations:

|   | Balance<br>9/30/2011 | Additions         | Reductions        | Balance<br>9/30/2012 | Amounts<br>Due within<br>One Year |
|---|----------------------|-------------------|-------------------|----------------------|-----------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                            |                      |                   |                   |                      |                                   |
| <i>Other Liabilities:</i>                                 |                      |                   |                   |                      |                                   |
| Compensated Absences                                      | \$ 4,033,783         | \$ 347,288        | \$ 100,886        | \$ 4,280,185         | \$ 129,628                        |
| <b>Governmental activities<br/>long-term liabilities</b>  | <b>\$ 4,033,783</b>  | <b>\$ 347,288</b> | <b>\$ 100,886</b> | <b>\$ 4,280,185</b>  | <b>\$ 129,628</b>                 |
| <b>BUSINESS-TYPE ACTIVITIES</b>                           |                      |                   |                   |                      |                                   |
| Compensated Absences                                      | \$ 208,333           | \$ 13,605         | \$ 14,039         | \$ 207,899           | 6,296                             |
| Landfill closure liability                                | 6,632,000            | \$ 387,000        | \$ -              | \$ 7,019,000         | \$ -                              |
| <b>Business-type activities<br/>long-term liabilities</b> | <b>\$ 6,840,333</b>  | <b>\$ 400,605</b> | <b>\$ 14,039</b>  | <b>\$ 7,226,899</b>  | <b>\$ 6,296</b>                   |

At September 30, 2012, total compensated absences payable by the County is \$4,488,084. Of this amount, \$4,280,185 arises from governmental activity operations, and \$207,899 is attributable to business activity operations. For the governmental activities, the compensated absences liability is generally liquidated by the general fund. Accrued compensated absence payments to employees upon separation was \$100,866 for Governmental Fund employees, and \$14,039 for Business-type fund employees.

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

The financial information in this report, for the fiscal year ending September 30, 2012, 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, 2011, for North Idaho Fair & Rodeo. KCEMSS has no outstanding notes payable for the year ending September 30, 2012.

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

Federal and State regulations guiding landfill closure requires the County to implement a final closure plan at Fighting Creek that includes proper ventilation, landfill monitoring systems, and permanent cover and landscaping. After closure, the County is further required to perform ongoing maintenance and monitoring at the landfill site for thirty years. The County accounts for the future closure and post closure obligation by maintaining a closure liability based on the relative amount of waste received during the period. Restricted cash and investment assets equal to the liability are reserved to meet this future obligation. The amount recognized each year is based on the landfill capacity used as of the balance sheet date relative to the final capacity of the landfill. 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 2011-2012, an increase of \$387,000 in closure and post-closure liability and costs has been recognized for the period ending September 30, 2012.

A total of \$7,019,000 has been recognized for closure and post-closure liability as of the balance sheet date. The current liability balance is based on 97.8% utilization of the original landfill cell's estimated capacity of 2,289,500 tons and the total estimated closure and post-closure costs of \$8,562,600. This amount totals \$8,377,000, less a reduction for actual closure expenses incurred of \$1,358,000. The remainder of the estimated closure and post-closure costs of \$185,600 will be recognized, on a pro-rata basis, as the remaining usable landfill space in the current cell is filled. The original cell at Fighting Creek Landfill is expected to reach interim close level sometime in 2014. However, the final closure of the original cell will be performed when the adjacent cells in development reach capacity projected to occur after 2045.

Funds totaling \$7,019,000 have been reserved in the Solid Waste Enterprise Fund to meet the funding requirements for closure and post-closure costs. These restricted assets are invested in the Idaho State Investment Pool and other similar investment vehicles as a way to have funds available to pay future closure costs.

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 and engineering estimates 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 2012-2013 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 31, 2012, the County had 4 outstanding claims, only one of which had a remote possibility of adverse judgment against the County. This case is an indigent medical claim dispute which could result in a \$11,000 maximum award to the plaintiff. 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 \$5,902,841. The Health Insurance Fund Balance at September 30, 2012 was \$1,473,720. Estimated Claims outstanding (incurred but not received - "IBNR"), as of fiscal year end was \$438,714 based on health plan consultant's actuarial estimate.

| Fiscal Year | Beginning IBNR | Claims Incurred | Payments on claims | Ending IBNR |
|-------------|----------------|-----------------|--------------------|-------------|
| 2012        | \$ 288,466     | \$ 4,568,807    | \$ 4,418,559       | \$ 438,714  |
| 2011        | \$ 455,900     | \$ 4,581,955    | \$ 4,749,389       | \$ 286,466  |

**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.

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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 2.00% or 2.30% (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 7.69% for police members.

Kootenai County had 753 employees actively contributing to PERSI as of September 30, 2012. Total contributions required and paid were \$3,234,260, \$3,165,190, and \$3,174,871, for the three years ending September 30, 2012, 2011, and 2010 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<br>Justice | Payroll Liability Fund<br>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 interest as a voting HARSB member is related to the Coeur d'Alene Airport's significant footprint within the HARSB service area. The County's control over the budget and/or financial operations of HARSB is limited to its representative participation on the Board. HARSB, acting through its appointed management team exercises total authority for the daily operations of the organization whose purpose it is to construct and operate sewer facilities in the Hayden Lake area of Kootenai County. Control exercised by 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, 2012.

The County has elected to report KCEMSS as a component unit because the Board of County Commissioners approves the annual KCEMSS operating budget, appoints *one* board member, and serves as the tax levy authority. *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, 2012 is as follows:

| <u>Receivable Fund</u>                  | <u>(Payable) Funds</u> |
|---|------------------------|
| <u>Major Funds:</u>                     |                        |
| General Fund                            | \$ 38,106              |
| <u>Non-Major Special Revenue Funds:</u> |                        |
| Centennial Trail                        | (38,106)               |
| <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 In           |                     |                   |
|----------------------------|-----------------------|---------------------|-------------------|
|                            | General Govt<br>Funds | Other Govt<br>Funds | Total             |
| General Governmental Funds | \$ (29,435)           | \$ 15,829           | \$ (13,606)       |
| Other Government Funds     | 26,050                | (26,050)            | -                 |
| Enterprise Funds           | 494,635               | 44,996              | 539,631           |
| <b>Total</b>               | <b>\$ 491,250</b>     | <b>\$ 34,775</b>    | <b>\$ 526,025</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 or 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, transfers of \$21,935 were made from General Fund to Other Governmental funds and Solid Waste Fund to cover sick leave expenses. The Aquifer Protection Fund transferred \$26,050 to the General Fund for program administrative costs. The General Fund transferred \$7,500 to the Centennial Trail Fund to support the County's portion of trail projects. Total transfers out of the Solid Waste Enterprise fund to General Fund and Other Non-major governmental funds totaled \$539,631. Administrative, accounting, and legal services are provided by other departments for the Solid Waste Enterprise fund.

**NOTE 16: FUND EQUITY**

**16-A. Deficit Fund Equity:**

At September 30, 2012, no fund balance deficits existed in any County funds.

**16-B. Net Assets Restrictions**

At September 30, 2012, the County had the following Restricted Net Assets balances:

| Restricted Net Assets            | Governmental        | Solid<br>Waste      | Total                |
|----------------------------------|---------------------|---------------------|----------------------|
| Juvenile justice services        | \$ 95,644           | \$ -                | \$ 95,644            |
| Enhanced 9-1-1 services          | 1,206,318           | -                   | 1,206,318            |
| Court facility construction      | 279,215             | -                   | 279,215              |
| Court interlock devices          | 71,755              | -                   | 71,755               |
| Sheriff Commissary               | 41,730              | -                   | 41,730               |
| Landfill Expansion Project       | -                   | 6,408,638           | 6,408,638            |
| Capital appropriations carryover | 57,455              | 2,366,128           | 2,423,583            |
| Operations                       | 2,426,168           | -                   | 2,426,168            |
| <b>Total Restricted</b>          | <b>\$ 4,178,285</b> | <b>\$ 8,774,766</b> | <b>\$ 12,953,051</b> |

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

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### 16-C. Fund Equity Balances:

At September 30, 2012 the fund equity balances were classified as follows:

| Fund Equity Balances:                            | General              | Other Govt          | Total                |
|--|----------------------|---------------------|----------------------|
| <b>Nonspendable:</b>                             |                      |                     |                      |
| Prepays  | \$ 11,856            | \$ 27,076           | \$ 38,932            |
| Total Nonspendable                               | 11,856               | 27,076              | 38,932               |
| <b>Restricted</b>                                |                      |                     |                      |
| Juvenile Justice services                        | 95,644               | -                   | 95,644               |
| Enhanced 9-1-1 services                          | 1,206,318            | -                   | 1,206,318            |
| Court facility construction                      | 279,215              | -                   | 279,215              |
| Court interlock devices                          | -                    | 71,755              | 71,755               |
| Sheriff Commissary                               | 41,730               | -                   | 41,730               |
| Operations                                       | -                    | 2,483,623           | 2,483,623            |
| Total Restricted                                 | 1,622,907            | 2,555,378           | 4,178,285            |
| <b>Committed:</b>                                |                      |                     |                      |
| Capital Project-Jail Camera project              | 563,931              | -                   | 563,931              |
| Capital Project-Tax Software update              | 371,414              | -                   | 371,414              |
| Capital Project-Emerg 9-1-1 bldg constr.         | 909,360              | -                   | 909,360              |
| Capital Project-Wireless/Computer                | 165,490              | -                   | 165,490              |
| Capital Project-Recorder's archival project      | 54,153               | -                   | 54,153               |
| Capital Project-Justice case management software | 500,000              | -                   | 500,000              |
| Capital Project-Comm. Development Ordinances     | 111,177              | -                   | 111,177              |
| Capital Project-Building & Grounds facility      | 1,200,000            | -                   | 1,200,000            |
| Capital Project-Sheriff parking lot              | 162,538              | -                   | 162,538              |
| Capital Purchases-other                          | 696,545              | -                   | 696,545              |
| Capital Project-Airport road                     | -                    | 50,000              | 50,000               |
| Capital Grant-Waterway project                   | -                    | 144,328             | 144,328              |
| Sheriff Snowmobile                               | -                    | 21,225              | 21,225               |
| Operations                                       | 2,384,883            | 664,136             | 3,049,019            |
| Total Committed                                  | 7,119,491            | 879,689             | 7,999,180            |
| <b>Assigned:</b>                                 |                      |                     |                      |
| Capital Replacement Projects                     | 526,073              | -                   | 526,073              |
| Total Assigned                                   | 526,073              | -                   | 526,073              |
| Unassigned                                       | 21,334,936           | -                   | 21,334,936           |
| <b>Total Fund Equity Balances</b>                | <b>\$ 30,615,263</b> | <b>\$ 3,462,143</b> | <b>\$ 34,077,406</b> |

# Required Supplementary Information

## Sun Up Bay

*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, 2012**

|                                | Budgeted Amounts |               | Actual Amounts<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Over (Under) |
|--------------------------------|------------------|---------------|-------------------------------------|---|
|                                | Original         | Final         |                                     |   |
| <b>Revenues</b>                |                  |               |                                     |   |
| Taxes                          | \$ 31,840,785    | \$ 31,752,099 | \$ 33,468,491                       | \$ 1,716,392                                  |
| Licenses and permits           | 1,255,001        | 1,255,001     | 1,334,123                           | 79,122  |
| Intergovernmental              | 7,244,607        | 7,605,637     | 9,016,639                           | 1,411,002                                     |
| Interest                       | 420,000          | 420,000       | 399,876                             | (20,124)                                      |
| Fines and forfeitures          | 334,004          | 334,004       | 289,828                             | (44,176)                                      |
| Charges for services           | 6,889,425        | 6,920,393     | 6,223,537                           | (696,856)                                     |
| Miscellaneous                  | (475,100)        | (473,139)     | 513,735                             | 986,874                                       |
| <i>Total Revenues</i>          | 47,508,722       | 47,813,995    | 51,246,229                          | 3,432,234                                     |
| <b>Expenditures</b>            |                  |               |                                     |   |
| Current:                       |                  |               |                                     |   |
| General government             |                  |               |                                     |   |
| Assessor                       | 1,495,028        | 1,532,738     | 1,470,083                           | 62,655  |
| Building & Grounds             | 596,762          | 601,122       | 499,121                             | 102,001                                       |
| County Clerk                   | 4,123,742        | 4,205,076     | 4,010,301                           | 194,775                                       |
| Cooperative Extension          | 140,000          | 143,274       | 130,497                             | 12,777  |
| County Auto Shop               | 220,979          | 230,403       | 226,936                             | 3,467   |
| County Commissioner            | 621,192          | 621,192       | 632,211                             | (11,019)                                      |
| County Grant Writer            | 61,502           | 61,502        | 44,547                              | 16,955  |
| General Accounts               | 1,668,549        | 748,068       | 757,003                             | (8,935)                                       |
| Office of Emergency Management | 230,108          | 246,788       | 339,236                             | (92,448)                                      |
| Human Resources                | 245,669          | 252,538       | 211,082                             | 41,456  |
| Information Services           | 1,875,598        | 1,769,789     | 1,774,274                           | (4,485)                                       |
| Liability Insurance            | 726,964          | 726,964       | 724,383                             | 2,581   |
| Community Development          | 1,508,944        | 1,538,635     | 1,408,318                           | 130,317                                       |
| Prosecuting Attorney           | 2,577,041        | 2,823,827     | 2,765,120                           | 58,707  |
| Public Defender                | 2,195,387        | 2,250,310     | 2,251,443                           | (1,133)                                       |
| Reprographics/Mail Room        | 261,875          | 265,676       | 233,829                             | 31,847  |
| Treasurer                      | 647,086          | 654,068       | 619,236                             | 34,832  |
| Veterans Services              | 96,727           | 101,719       | 94,390                              | 7,329   |

*(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, 2012**

|  | Budgeted Amounts |              | Actual Amounts<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Over (Under) |
|--|------------------|--------------|-------------------------------------|---|
|  | Original         | Final        |                                     |   |
| Public safety  |                  |              |                                     |   |
| 9-1-1  | \$ 2,858,013     | \$ 2,873,830 | \$ 2,762,372                        | \$ 111,458                                    |
| Adult Misdemeanor Probation  | 507,788          | 534,917      | 510,491                             | 24,426  |
| Coroner  | 299,774          | 314,192      | 314,192                             | -   |
| Justice - General Accounts   | 605,000          | 255,000      | 298,033                             | (43,033)                                      |
| Juvenile Detention Center  | 2,299,171        | 2,349,782    | 2,200,497                           | 149,285                                       |
| Juvenile Diversion   | 301,880          | 272,880      | 289,132                             | (16,252)                                      |
| Juvenile Probation   | 1,130,054        | 1,213,339    | 1,238,403                           | (25,064)                                      |
| Sheriff  | 19,998,162       | 20,223,866   | 19,999,194                          | 224,672                                       |
| Health & welfare   |                  |              |                                     |   |
| County Assistance  | 330,500          | 330,500      | 342,498                             | (11,998)                                      |
| Capital outlay:  |                  |              |                                     |   |
| Capital expenditures   | 2,700,635        | 5,454,454    | 2,514,567                           | 2,939,887                                     |
| Construction in Progress   | 464,762          | 2,144,408    | 809,794                             | 1,334,614                                     |
| Total Expenditures   | 50,788,892       | 54,740,857   | 49,471,183                          | 5,269,674                                     |
| Excess of Revenues Over (Under)<br>Expenditures                                    | (3,280,170)      | (6,926,862)  | 1,775,047                           | (1,837,440)                                   |
| <b>Other Financing Sources (Uses)</b>  |                  |              |                                     |   |
| Proceeds insurance   | -                | -            | 15,133                              | 15,133  |
| Planned Fund Balance Utilization   | 2,766,985        | 6,501,862    | -                                   | (6,501,862)                                   |
| Transfers In   | 584,760          | 710,049      | 520,685                             | (189,364)                                     |
| Transfers (out)  | (71,575)         | (285,049)    | (29,435)                            | 255,614                                       |
| Total Other Financing Sources (Uses)   | 3,280,170        | 6,926,862    | 506,383                             | (6,420,479)                                   |
| Revenues and Other Financing Sources Over<br>Expenditures and Other Financing Uses | \$ -             | \$ -         | 2,281,429                           |   |
| Fund Balances Beginning of Year  |                  |              | 28,333,834                          |   |
| <b>Fund Balances End of Year</b>   |                  |              | <b>\$ 30,615,263</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, 2012**

***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 Principles (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 and agency funds.

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 2012

Kootenai County Board of County Commissioners approved five unexpended appropriations of projects totaling \$6,598,539 to be carried over from fiscal year 2012 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<br>Appropriations | Prior Year<br>Expenditures | Carryforward<br>Balance<br>10/1/2011 | Appropriation<br>FY 2012 | Expenditures<br>FY 2012 | Carryforward<br>Balance<br>9/30/2012 |
|--|-------------------------|----------------------------|--------------------------------------|--------------------------|-------------------------|--------------------------------------|
| Landfill Capital Improvement<br>Projects                 | \$ 794,898              | \$ -                       | \$ 794,898                           | \$ 1,310,233             | \$ 239,003              | \$ 1,866,128                         |
| Solid Waste<br>Rural Site Purchases                      | -                       | -                          | -                                    | 500,000                  | -                       | 500,000                              |
| Property Tax<br>Software System                          | 463,655                 | 81,450                     | 382,205                              | -                        | 10,791                  | 371,414                              |
| Loch Haven Park<br>Development                           | 29,700                  | -                          | 29,700                               | (29,700)                 | -                       | -                                    |
| Planning and Zoning<br>Master Plan                       | 350,000                 | 64,817                     | 285,183                              | -                        | 174,006                 | 111,177                              |
| Clerk Recorder's<br>Archiving Project                    | 300,000                 | 193,313                    | 106,687                              | -                        | 52,534                  | 54,153                               |
| 9-1-1 Call Center<br>Remodel                             | 1,400,000               | -                          | 1,400,000                            | -                        | 490,640                 | 909,360                              |
| Jail Camera System<br>Upgrade                            |                         |                            |                                      | 594,780                  | 30,829                  | 563,951                              |
| Information System Wireless<br>Equipment Project         |                         |                            |                                      | 195,210                  | 29,720                  | 165,490                              |
| District Court<br>Casemanagement Software<br>Replacement |                         |                            |                                      | 500,000                  | -                       | 500,000                              |
| Reserve Capital Projects                                 |                         |                            |                                      | 1,362,538                | -                       | 1,362,538                            |
| Airport<br>Road Projects                                 |                         |                            |                                      | 50,000                   | -                       | 50,000                               |
| Waterway<br>Grant Capital Project                        |                         |                            |                                      | 144,328                  | -                       | 144,328                              |
| <b>Total Carryforward</b>                                |                         |                            | <b>\$ 2,998,673</b>                  |                          |                         | <b>\$ 6,598,539</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, 2012**

|                               | Budgeted Amounts<br>Final | Actual Amounts<br>(Budgetary Basis) | Variance with<br>Final Budget<br>(Over) Under |
|-------------------------------|---------------------------|-------------------------------------|---|
| Board of County Commissioners | \$ 46,637,170             | \$ 40,539,039                       | \$ 6,098,131                                  |
| County Clerk                  | \$ 7,813,099              | \$ 7,471,939                        | \$ 341,160                                    |
| Administrative District Judge | \$ 2,110,472              | \$ 2,087,919                        | \$ 22,553                                     |
| Treasurer                     | \$ 654,068                | \$ 619,236                          | \$ 34,832                                     |
| County Assessor               | \$ 3,792,652              | \$ 3,538,607                        | \$ 254,045                                    |
| Coroner                       | \$ 314,192                | \$ 314,192                          | \$ -  |
| County Sheriff                | \$ 26,696,263             | \$ 25,551,228                       | \$ 1,145,035                                  |
| Prosecuting Attorney          | \$ 3,171,957              | \$ 3,118,535                        | \$ 53,422                                     |



# Supplementary Information

## **RV Dump Station**

2012 Grant



## **Centennial Trail Resurface**





**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 provided by participating Joint Power Board members of cities; and Federal, State, and Local grants.

**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 North Idaho Fair & Rodeo. 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 boater registration receipts, licenses, fees, and grants.

**Public Access Contribution** - accounts for resources provided by a lease with the Hagadone Corporation for mitigation from loss of public waterfront access due to the lake bed encroachment from the floating green. Funding is provided through a lease agreement based upon golf course 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 FTA grants and agreements with local agencies.

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

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

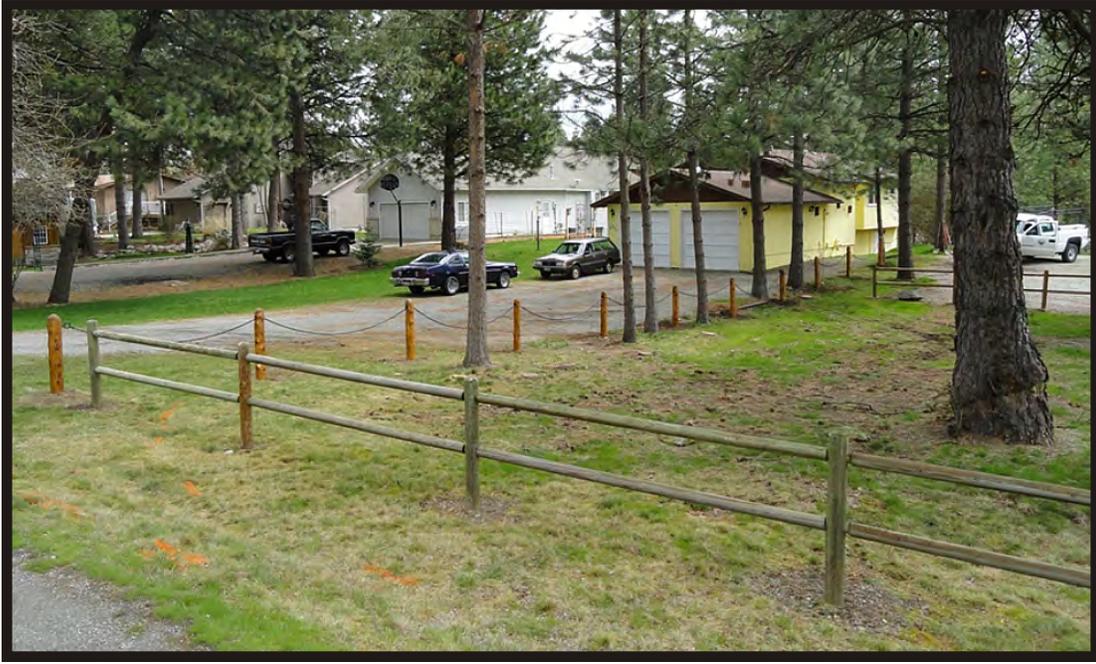
**Non-major Capital Projects Funds**  
**Capital Projects Funds**

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 receipts of various capital grants from Federal, State, and other governmental agencies.

# Combining Financial Statements

## McGuire Park Fencing



## Greensferry Launch Fencing





**KOOTENAI COUNTY, IDAHO**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**September 30, 2012**

|  | Non-major<br>Special<br>Revenue<br>Funds | Non-major<br>Capital<br>Projects<br>Funds | Total<br>Non-major<br>Governmental<br>Funds |
|--|--|---|---|
| <b>Assets</b>                              |  |   |   |
| Cash and investments                       | \$ 3,796,003                             | \$ 129,043                                | \$ 3,925,046                                |
| Taxes delinquent-receivable                | 416,166                                  | -   | 416,166                                     |
| Accounts receivable, (net)                 | 175,484                                  | -   | 175,484                                     |
| Interest receivable                        | 7  | -   | 7   |
| Grants receivable                          | 200,151                                  | 1,514,809                                 | 1,714,960                                   |
| Prepays                                    | 27,076                                   | -   | 27,076                                      |
| <b>Total Assets</b>                        | <b>\$ 4,614,887</b>                      | <b>\$ 1,643,852</b>                       | <b>\$ 6,258,739</b>                         |
| <b>Liabilities and Fund Balances</b>       |  |   |   |
| <b>Liabilities:</b>                        |  |   |   |
| Accounts payable                           | \$ 424,881                               | \$ 1,643,852                              | \$ 2,068,733                                |
| Payroll and related liabilities            | 5,099                                    | -   | 5,099                                       |
| Deferred revenues                          | 185,991                                  | -   | 185,991                                     |
| Deferred grant revenues                    | 260,747                                  | -   | 260,747                                     |
| Unavailable property taxes                 | 237,920                                  | -   | 237,920                                     |
| Due to other funds                         | 38,106                                   | -   | 38,106                                      |
| <b>Total Liabilities</b>                   | <b>1,152,744</b>                         | <b>1,643,852</b>                          | <b>2,796,596</b>                            |
| <b>Fund Balances:</b>                      |  |   |   |
| Nonspendable                               | 27,076                                   | -   | 27,076                                      |
| Restricted                                 | 2,555,378                                | -   | 2,555,378                                   |
| Committed                                  | 879,689                                  | -   | 879,689                                     |
| <b>Total Fund Balances</b>                 | <b>3,462,143</b>                         | <b>-</b>                                  | <b>3,462,143</b>                            |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 4,614,887</b>                      | <b>\$ 1,643,852</b>                       | <b>\$ 6,258,739</b>                         |

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO**  
**Combining Balance Sheet**  
**Non-major Special Revenue Funds**  
**September 30, 2012**

|  | Centennial Trail<br>Special<br>Revenue | Tourism Promo.<br>Special<br>Revenue | Airport<br>Special<br>Revenue | County Fair<br>Special<br>Revenue | Noxious Weeds<br>Special<br>Revenue |
|--|--|--------------------------------------|-------------------------------|-----------------------------------|-------------------------------------|
| <b>Assets</b>                              |  |                                      |                               |                                   |                                     |
| Cash and investments                       | \$ -                                   | \$ 978                               | \$ 513,287                    | \$ 847                            | \$ 60,845                           |
| Taxes delinquent-receivable                | -                                      | -                                    | 25,860                        | 2,809                             | 10,588                              |
| Accounts receivable, (net)                 | -                                      | -                                    | 2,787                         | -                                 | 1,106                               |
| Interest receivable                        | -                                      | -                                    | -                             | -                                 | -                                   |
| Grants receivable                          | 125,000                                | -                                    | -                             | -                                 | -                                   |
| Prepays                                    | -                                      | -                                    | -                             | -                                 | -                                   |
| <b>Total Assets</b>                        | <b>\$ 125,000</b>                      | <b>\$ 978</b>                        | <b>\$ 541,934</b>             | <b>\$ 3,656</b>                   | <b>\$ 72,539</b>                    |
| <b>Liabilities and Fund Balances</b>       |  |                                      |                               |                                   |                                     |
| <b>Liabilities:</b>                        |  |                                      |                               |                                   |                                     |
| Accounts payable                           | \$ -                                   | \$ -                                 | \$ 19,298                     | \$ -                              | \$ 7,566                            |
| Payroll and related liabilities            | -                                      | -                                    | 5,099                         | -                                 | -                                   |
| Deferred revenues                          | -                                      | -                                    | 4,106                         | -                                 | -                                   |
| Deferred grant revenues                    | -                                      | -                                    | -                             | -                                 | 772                                 |
| Unavailable property taxes                 | -                                      | -                                    | 19,114                        | 1,511                             | 5,564                               |
| Due to other funds                         | 38,106                                 | -                                    | -                             | -                                 | -                                   |
| <b>Total Liabilities</b>                   | <b>38,106</b>                          | <b>-</b>                             | <b>47,617</b>                 | <b>1,511</b>                      | <b>13,902</b>                       |
| <b>Fund Balances:</b>                      |  |                                      |                               |                                   |                                     |
| Nonspendable                               | -                                      | -                                    | -                             | -                                 | -                                   |
| Restricted                                 | -                                      | 978                                  | 444,317                       | 2,145                             | 58,637                              |
| Committed                                  | 86,894                                 | -                                    | 50,000                        | -                                 | -                                   |
| <b>Total Fund Balances</b>                 | <b>86,894</b>                          | <b>978</b>                           | <b>494,317</b>                | <b>2,145</b>                      | <b>58,637</b>                       |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 125,000</b>                      | <b>\$ 978</b>                        | <b>\$ 541,934</b>             | <b>\$ 3,656</b>                   | <b>\$ 72,539</b>                    |

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Special Revenue Funds  
September 30, 2012**

|  | Health District<br>Special<br>Revenue | Historical Society<br>Special<br>Revenue | Parks & Rec<br>Special<br>Revenue | Snowmobile<br>Special<br>Revenue | County Vessel<br>Special<br>Revenue |
|--|---------------------------------------|--|-----------------------------------|----------------------------------|-------------------------------------|
| <b>Assets</b>                              |                                       |  |                                   |                                  |                                     |
| Cash and investments                       | \$ 10,605                             | \$ 374                                   | \$ 220,981                        | \$ 135,326                       | \$ 205,343                          |
| Taxes delinquent-receivable                | 27,741                                | 7,868                                    | 8,204                             | -                                | -                                   |
| Accounts receivable, (net)                 | -                                     | -  | -                                 | -                                | 20,509                              |
| Interest receivable                        | -                                     | -  | -                                 | -                                | -                                   |
| Grants receivable                          | -                                     | -  | -                                 | -                                | -                                   |
| Prepays                                    | -                                     | -  | 23,274                            | -                                | 321                                 |
| <b>Total Assets</b>                        | <b>\$ 38,346</b>                      | <b>\$ 8,242</b>                          | <b>\$ 252,459</b>                 | <b>\$ 135,326</b>                | <b>\$ 226,173</b>                   |
| <b>Liabilities and Fund Balances</b>       |                                       |  |                                   |                                  |                                     |
| <b>Liabilities:</b>                        |                                       |  |                                   |                                  |                                     |
| Accounts payable                           | \$ -                                  | \$ -                                     | \$ 26,819                         | \$ 474                           | \$ 23,418                           |
| Payroll and related liabilities            | -                                     | -  | -                                 | -                                | -                                   |
| Deferred revenues                          | -                                     | -  | 96,269                            | -                                | -                                   |
| Deferred grant revenues                    | -                                     | -  | -                                 | -                                | -                                   |
| Unavailable property taxes                 | 15,037                                | 7,701                                    | 4,289                             | -                                | -                                   |
| Due to other funds                         | -                                     | -  | -                                 | -                                | -                                   |
| <b>Total Liabilities</b>                   | <b>15,037</b>                         | <b>7,701</b>                             | <b>127,377</b>                    | <b>474</b>                       | <b>23,418</b>                       |
| <b>Fund Balances:</b>                      |                                       |  |                                   |                                  |                                     |
| Nonspendable                               | -                                     | -  | 23,274                            | -                                | 321                                 |
| Restricted                                 | 23,309                                | 541                                      | 5,714                             | 113,627                          | 58,106                              |
| Committed                                  | -                                     | -  | 96,094                            | 21,225                           | 144,328                             |
| <b>Total Fund Balances</b>                 | <b>23,309</b>                         | <b>541</b>                               | <b>125,082</b>                    | <b>134,852</b>                   | <b>202,755</b>                      |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 38,346</b>                      | <b>\$ 8,242</b>                          | <b>\$ 252,459</b>                 | <b>\$ 135,326</b>                | <b>\$ 226,173</b>                   |

See accompanying Independent Auditors' Report

continued

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Special Revenue Funds  
September 30, 2012**

|  | Public Access<br>Special<br>Revenue | Indigent<br>Special<br>Revenue | FTA Public Trans<br>Special<br>Revenue | District Court<br>Special<br>Revenue |
|--|-------------------------------------|--------------------------------|--|--------------------------------------|
| <b>Assets</b>                              |                                     |                                |  |                                      |
| Cash and investments                       | \$ 75,248                           | \$ 507,605                     | \$ 287,150                             | \$ 842,772                           |
| Taxes delinquent-receivable                | -                                   | 110,464                        | -                                      | 26,801                               |
| Accounts receivable, (net)                 | -                                   | -                              | -                                      | 134,857                              |
| Interest receivable                        | 7                                   | -                              | -                                      | -                                    |
| Grants receivable                          | -                                   | -                              | 75,151                                 | -                                    |
| Prepays                                    | -                                   | -                              | -                                      | 3,481                                |
| <b>Total Assets</b>                        | <b>\$ 75,255</b>                    | <b>\$ 618,069</b>              | <b>\$ 362,301</b>                      | <b>\$ 1,007,911</b>                  |
| <b>Liabilities and Fund Balances</b>       |                                     |                                |  |                                      |
| <b>Liabilities:</b>                        |                                     |                                |  |                                      |
| Accounts payable                           | \$ -                                | \$ 110,699                     | \$ 66,226                              | \$ 39,467                            |
| Payroll and related liabilities            | -                                   | -                              | -                                      | -                                    |
| Deferred revenues                          | -                                   | -                              | 36,100                                 | 49,516                               |
| Deferred grant revenues                    | -                                   | -                              | 259,975                                | -                                    |
| Unavailable property taxes                 | -                                   | 59,722                         | -                                      | 17,299                               |
| Due to other funds                         | -                                   | -                              | -                                      | -                                    |
| <b>Total Liabilities</b>                   | <b>-</b>                            | <b>170,421</b>                 | <b>362,301</b>                         | <b>106,282</b>                       |
| <b>Fund Balances:</b>                      |                                     |                                |  |                                      |
| Nonspendable                               | -                                   | -                              | -                                      | 3,481                                |
| Restricted                                 | 75,255                              | 447,648                        | -                                      | 548,148                              |
| Committed                                  | -                                   | -                              | -                                      | 350,000                              |
| <b>Total Fund Balances</b>                 | <b>75,255</b>                       | <b>447,648</b>                 | <b>-</b>                               | <b>901,629</b>                       |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 75,255</b>                    | <b>\$ 618,069</b>              | <b>\$ 362,301</b>                      | <b>\$ 1,007,911</b>                  |

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Special Revenue Funds  
September 30, 2012**

|  | Revaluation<br>Special<br>Revenue | KCEMSS<br>Special<br>Revenue | Aquifer Protection<br>Special<br>Revenue | Total Nonmajor<br>Special Revenue<br>Funds |
|--|-----------------------------------|------------------------------|--|--|
| <b>Assets</b>                              |                                   |                              |  |  |
| Cash and investments                       | \$ 581,517                        | \$ 16,606                    | \$ 336,519                               | \$ 3,796,003                               |
| Taxes delinquent-receivable                | 93,060                            | 89,153                       | 13,618                                   | 416,166                                    |
| Accounts receivable, (net)                 | -                                 | 16,225                       | -  | 175,484                                    |
| Interest receivable                        | -                                 | -                            | -  | 7  |
| Grants receivable                          | -                                 | -                            | -  | 200,151                                    |
| Prepays                                    | -                                 | -                            | -  | 27,076                                     |
| <b>Total Assets</b>                        | <b>\$ 674,577</b>                 | <b>\$ 121,984</b>            | <b>\$ 350,137</b>                        | <b>\$ 4,614,887</b>                        |
| <b>Liabilities and Fund Balances</b>       |                                   |                              |  |  |
| <b>Liabilities:</b>                        |                                   |                              |  |  |
| Accounts payable                           | \$ 23,180                         | \$ 13,524                    | \$ 94,210                                | \$ 424,881                                 |
| Payroll and related liabilities            | -                                 | -                            | -  | 5,099                                      |
| Deferred revenues                          | -                                 | -                            | -  | 185,991                                    |
| Deferred grant revenues                    | -                                 | -                            | -  | 260,747                                    |
| Unavailable property taxes                 | 51,935                            | 51,005                       | 4,743                                    | 237,920                                    |
| Due to other funds                         | -                                 | -                            | -  | 38,106                                     |
| <b>Total Liabilities</b>                   | <b>75,115</b>                     | <b>64,529</b>                | <b>98,953</b>                            | <b>1,152,744</b>                           |
| <b>Fund Balances:</b>                      |                                   |                              |  |  |
| Nonspendable                               | -                                 | -                            | -  | 27,076                                     |
| Restricted                                 | 599,462                           | 57,455                       | 120,036                                  | 2,555,378                                  |
| Committed                                  | -                                 | -                            | 131,148                                  | 879,689                                    |
| <b>Total Fund Balances</b>                 | <b>599,462</b>                    | <b>57,455</b>                | <b>251,184</b>                           | <b>3,462,143</b>                           |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 674,577</b>                 | <b>\$ 121,984</b>            | <b>\$ 350,137</b>                        | <b>\$ 4,614,887</b>                        |

See accompanying Independent Auditors' Report

**KOOTENAI COUNTY, IDAHO  
Combining Balance Sheet  
Non-major Capital Projects Funds  
September 30, 2012**

|  | General Construction<br>Capital<br>Projects | Total Non-major<br>Capital Project<br>Funds |
|--|---|---|
| <b>Assets</b>                              |   |   |
| Cash and investments                       | \$ 129,043                                  | \$ 129,043                                  |
| Grants receivable                          | 1,514,809                                   | 1,514,809                                   |
| <b>Total Assets</b>                        | <b>\$ 1,643,852</b>                         | <b>\$ 1,643,852</b>                         |
| <br><b>Liabilities and Fund Balances</b>   |   |   |
| <b>Liabilities:</b>                        |   |   |
| Accounts payable                           | \$ 1,643,852                                | \$ 1,643,852                                |
| <b>Total Liabilities</b>                   | <b>1,643,852</b>                            | <b>1,643,852</b>                            |
| <br><b>Fund Balances:</b>                  |   |   |
| Restricted                                 | -   | -   |
| <b>Total Fund Balances</b>                 | <b>-</b>                                    | <b>-</b>                                    |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 1,643,852</b>                         | <b>\$ 1,643,852</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, 2012**

|  | Non-major<br>Special<br>Revenue<br>Funds | Non-major<br>Capital<br>Projects<br>Funds | Total<br>Non-major<br>Governmental<br>Funds |
|--|--|---|---|
| <b>Revenues</b>  |  |   |   |
| Taxes  | \$ 8,937,610                             | \$ -                                      | \$ 8,937,610                                |
| Licenses and permits   | 155,870                                  | -   | 155,870                                     |
| Intergovernmental  | 1,897,959                                | 3,630,106                                 | 5,528,065                                   |
| Interest   | 660                                      | -   | 660   |
| Fines and forfeitures  | 988,451                                  | -   | 988,451                                     |
| Charges for services   | 1,153,444                                | -   | 1,153,444                                   |
| Miscellaneous  | 896,036                                  | 249,412                                   | 1,145,448                                   |
| <i>Total Revenues</i>  | 14,030,030                               | 3,879,518                                 | 17,909,548                                  |
| <b>Expenditures</b>  |  |   |   |
| Current:   |  |   |   |
| General government   | 3,766,762                                | -   | 3,766,762                                   |
| Public works   | 724,063                                  | 553                                       | 724,616                                     |
| Public safety  | 4,504,182                                | -   | 4,504,182                                   |
| Sanitation   | 289,813                                  | -   | 289,813                                     |
| Health & welfare   | 4,196,908                                | -   | 4,196,908                                   |
| Culture and recreation   | 642,883                                  | -   | 642,883                                     |
| Capital Outlay:  |  |   |   |
| Capital expenditures   | 103,724                                  | -   | 103,724                                     |
| Construction in progress   | 204,016                                  | 3,878,965                                 | 4,082,981                                   |
| <i>Total Expenditures</i>  | 14,432,351                               | 3,879,518                                 | 18,311,869                                  |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | (402,321)                                | -   | (402,321)                                   |
| <b>Other Financing Sources</b>                                       |  |   |   |
| Proceeds from Insurance  | 7,878                                    | -   | 7,878                                       |
| Transfers In   | 60,825                                   | -   | 60,825                                      |
| Transfers (out)  | (26,050)                                 | -   | (26,050)                                    |
| <i>Total Other Financing Sources</i>                                 | 42,653                                   | -   | 42,653                                      |
| <i>Net Change in Fund Balances</i>                                   | (359,668)                                | -   | (359,668)                                   |
| <i>Fund Balances Beginning of Year</i>                               | 3,821,811                                | -   | 3,821,811                                   |
| <b>Fund Balances End of Year</b>                                     | <b>\$ 3,462,143</b>                      | <b>\$ -</b>                               | <b>\$ 3,462,143</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, 2012**

|  | Centennial Trail<br>Special<br>Revenue | Tourism Promo.<br>Special<br>Revenue | Airport<br>Special<br>Revenue | County Fair<br>Special<br>Revenue | Noxious Weeds<br>Special<br>Revenue |
|--|--|--------------------------------------|-------------------------------|-----------------------------------|-------------------------------------|
| <b>Revenues</b>  |  |                                      |                               |                                   |                                     |
| Taxes  | \$ -                                   | \$ -                                 | \$ 427,951                    | \$ 46,458                         | \$ 216,671                          |
| Licenses and permits   | -                                      | -                                    | -                             | -                                 | 36,187                              |
| Intergovernmental  | 117,500                                | 2,834                                | 6,262                         | -                                 | -                                   |
| Interest   | -                                      | -                                    | -                             | -                                 | -                                   |
| Fines and forfeitures  | -                                      | -                                    | -                             | -                                 | -                                   |
| Charges for services   | 15,000                                 | -                                    | 107,887                       | -                                 | 270                                 |
| Miscellaneous  | 7,892                                  | -                                    | 275,670                       | -                                 | 1,150                               |
| <i>Total Revenues</i>  | 140,392                                | 2,834                                | 817,770                       | 46,458                            | 254,278                             |
| <b>Expenditures</b>  |  |                                      |                               |                                   |                                     |
| Current:   |  |                                      |                               |                                   |                                     |
| General government   | -                                      | -                                    | -                             | -                                 | -                                   |
| Public works   | -                                      | -                                    | 724,063                       | -                                 | -                                   |
| Public safety  | -                                      | -                                    | -                             | -                                 | -                                   |
| Sanitation   | -                                      | -                                    | -                             | -                                 | 289,813                             |
| Health & welfare   | -                                      | -                                    | -                             | -                                 | -                                   |
| Culture and recreation   | -                                      | 2,834                                | -                             | 75,000                            | -                                   |
| Capital outlay:  |  |                                      |                               |                                   |                                     |
| Capital expenditures   | -                                      | -                                    | -                             | -                                 | -                                   |
| Construction in progress   | 169,652                                | -                                    | -                             | -                                 | 5,000                               |
| <i>Total Expenditures</i>  | 169,652                                | 2,834                                | 724,063                       | 75,000                            | 294,813                             |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | (29,260)                               | -                                    | 93,707                        | (28,542)                          | (40,535)                            |
| <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>                                   | (21,760)                               | -                                    | 93,707                        | (28,542)                          | (40,535)                            |
| <i>Fund Balances Beginning of Year</i>                               | 108,654                                | 978                                  | 400,610                       | 30,687                            | 99,172                              |
| <b><i>Fund Balances End of Year</i></b>                              | <b>\$ 86,894</b>                       | <b>\$ 978</b>                        | <b>\$ 494,317</b>             | <b>\$ 2,145</b>                   | <b>\$ 58,637</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, 2012**

|  | Health District<br>Special<br>Revenue | Historical Society<br>Special<br>Revenue | Parks<br>Special<br>Revenue | Snowmobile<br>Special<br>Revenue | County Vessel<br>Special<br>Revenue |
|--|---------------------------------------|--|-----------------------------|----------------------------------|-------------------------------------|
| <b>Revenues</b>  |                                       |  |                             |                                  |                                     |
| Taxes  | \$ 607,160                            | \$ 735                                   | \$ 158,284                  | \$ -                             | \$ -                                |
| Licenses and permits   | -                                     | -  | -                           | 81,306                           | -                                   |
| Intergovernmental  | -                                     | -  | -                           | 425                              | 701,629                             |
| Interest   | -                                     | -  | -                           | -                                | -                                   |
| Fines and forfeitures  | -                                     | -  | -                           | -                                | -                                   |
| Charges for services   | -                                     | -  | 63,913                      | -                                | -                                   |
| Miscellaneous  | -                                     | -  | 1,859                       | 16,145                           | 267                                 |
| <i>Total Revenues</i>  | 607,160                               | 735                                      | 224,056                     | 97,876                           | 701,896                             |
| <b>Expenditures</b>  |                                       |  |                             |                                  |                                     |
| Current:   |                                       |  |                             |                                  |                                     |
| General government   | -                                     | -  | -                           | -                                | -                                   |
| Public works   | -                                     | -  | -                           | -                                | -                                   |
| Public safety  | -                                     | -  | -                           | 24,408                           | 330,071                             |
| Sanitation   | -                                     | -  | -                           | -                                | -                                   |
| Health & welfare   | 666,606                               | -  | -                           | -                                | -                                   |
| Culture and recreation   | -                                     | 10,483                                   | 252,452                     | 70,259                           | 231,855                             |
| Capital outlay:  |                                       |  |                             |                                  |                                     |
| Capital expenditures   | -                                     | -  | 5,700                       | -                                | 26,688                              |
| Construction in progress   | -                                     | -  | 27,302                      | -                                | 2,062                               |
| <i>Total Expenditures</i>  | 666,606                               | 10,483                                   | 285,454                     | 94,667                           | 590,676                             |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | (59,446)                              | (9,748)                                  | (61,398)                    | 3,209                            | 111,220                             |
| <b>Other Financing Sources (Uses)</b>                                |                                       |  |                             |                                  |                                     |
| Proceeds from Insurance  | -                                     | -  | -                           | -                                | 7,878                               |
| Transfers in   | 44,996                                | -  | 134                         | -                                | 134                                 |
| Transfers (out)  | -                                     | -  | -                           | -                                | -                                   |
| <i>Total Other Financing Sources (Uses)</i>                          | 44,996                                | -  | 134                         | -                                | 8,012                               |
| <i>Net Change in Fund Balances</i>                                   | (14,450)                              | (9,748)                                  | (61,264)                    | 3,209                            | 119,232                             |
| <i>Fund Balances Beginning of Year</i>                               | 37,759                                | 10,289                                   | 186,346                     | 131,643                          | 83,523                              |
| <b><i>Fund Balances End of Year</i></b>                              | <b>\$ 23,309</b>                      | <b>\$ 541</b>                            | <b>\$ 125,082</b>           | <b>\$ 134,852</b>                | <b>\$ 202,755</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, 2012**

|  | Public Access<br>Special<br>Revenue | Indigent<br>Special<br>Revenue | FTA Public Trans.<br>Special<br>Revenue | District Court<br>Special<br>Revenue |
|--|-------------------------------------|--------------------------------|---|--------------------------------------|
| <b>Revenues</b>  |                                     |                                |   |                                      |
| Taxes  | \$ -                                | \$ 2,839,760                   | \$ -                                    | \$ 534,887                           |
| Licenses and permits   | -                                   | -                              | -                                       | 500                                  |
| Intergovernmental  | 5,481                               | -                              | 872,321                                 | 138,557                              |
| Interest   | 660                                 | -                              | -                                       | -                                    |
| Fines and forfeitures  | -                                   | -                              | -                                       | 988,451                              |
| Charges for services   | -                                   | -                              | 861,217                                 | 104,789                              |
| Miscellaneous  | -                                   | 591,531                        | 150                                     | 135                                  |
| <i>Total Revenues</i>  | 6,141                               | 3,431,291                      | 1,733,688                               | 1,767,319                            |
| <b>Expenditures</b>  |                                     |                                |   |                                      |
| Current:   |                                     |                                |   |                                      |
| General government   | -                                   | -                              | 1,733,688                               | -                                    |
| Public works   | -                                   | -                              | -                                       | -                                    |
| Public safety  | -                                   | -                              | -                                       | 2,045,471                            |
| Sanitation   | -                                   | -                              | -                                       | -                                    |
| Health & welfare   | -                                   | 3,066,070                      | -                                       | -                                    |
| Culture and recreation   | -                                   | -                              | -                                       | -                                    |
| Capital outlay:  |                                     |                                |   |                                      |
| Capital expenditures   | -                                   | -                              | -                                       | 42,236                               |
| Construction in progress   | -                                   | -                              | -                                       | -                                    |
| <i>Total Expenditures</i>  | -                                   | 3,066,070                      | 1,733,688                               | 2,087,707                            |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | 6,141                               | 365,221                        | -                                       | (320,388)                            |
| <b>Other Financing Sources</b>                                       |                                     |                                |   |                                      |
| Proceeds from Insurance  | -                                   | -                              | -                                       | -                                    |
| Transfers in   | -                                   | 2,315                          | -                                       | 3,574                                |
| Transfers (out)  | -                                   | -                              | -                                       | -                                    |
| <i>Total Other Financing Sources</i>                                 | -                                   | 2,315                          | -                                       | 3,574                                |
| <i>Net Change in Fund Balances</i>                                   | 6,141                               | 367,536                        | -                                       | (316,814)                            |
| <i>Fund Balances Beginning of Year</i>                               | 69,114                              | 80,112                         | -                                       | 1,218,443                            |
| <b><i>Fund Balances End of Year (deficit)</i></b>                    | <b>\$ 75,255</b>                    | <b>\$ 447,648</b>              | <b>\$ -</b>                             | <b>\$ 901,629</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, 2012**

|  | Revaluation<br>Special<br>Revenue | Kootenai<br>Emergency<br>Management<br>Special<br>Revenue | Aquifer Protection<br>District<br>Special<br>Revenue | Total<br>Non-major<br>Special Revenue<br>Funds |
|--|-----------------------------------|---|--|--|
| <b>Revenues</b>  |                                   |   |  |  |
| Taxes  | \$ 2,051,570                      | \$ 2,021,653  | \$ 32,481  | \$ 8,937,610                                   |
| Licenses and permits   | -                                 | 37,877  | -  | 155,870  |
| Intergovernmental  | -                                 | 52,950  | -  | 1,897,959                                      |
| Interest   | -                                 | -   | -  | 660  |
| Fines and forfeitures  | -                                 | -   | -  | 988,451  |
| Charges for services   | 368                               | -   | -  | 1,153,444                                      |
| Miscellaneous  | 1,237                             | -   | -  | 896,036  |
| <i>Total Revenues</i>  | 2,053,175                         | 2,112,480   | 32,481   | 14,030,030                                     |
| <b>Expenditures</b>  |                                   |   |  |  |
| Current:   |                                   |   |  |  |
| General government   | 2,033,074                         | -   | -  | 3,766,762                                      |
| Public works   | -                                 | -   | -  | 724,063  |
| Public safety  | -                                 | 2,104,232   | -  | 4,504,182                                      |
| Sanitation   | -                                 | -   | -  | 289,813  |
| Health & welfare   | -                                 | -   | 464,232  | 4,196,908                                      |
| Culture and recreation   | -                                 | -   | -  | 642,883  |
| Capital outlay:  |                                   |   |  |  |
| Capital expenditures   | 29,100                            | -   | -  | 103,724  |
| Construction in progress   | -                                 | -   | -  | 204,016  |
| <i>Total Expenditures</i>  | 2,062,174                         | 2,104,232   | 464,232  | 14,432,351                                     |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | (8,999)                           | 8,248   | (431,751)  | (402,321)                                      |
| <b>Other Financing Sources</b>                                       |                                   |   |  |  |
| Proceeds from Insurance  | -                                 | -   | -  | 7,878  |
| Transfers in   | 2,172                             | -   | -  | 60,825   |
| Transfers (out)  | -                                 | -   | (26,050)   | (26,050)                                       |
| <i>Total Other Financing Sources</i>                                 | 2,172                             | -   | (26,050)   | 42,653   |
| <i>Net Change in Fund Balances</i>                                   | (6,827)                           | 8,248   | (457,801)  | (359,668)                                      |
| <i>Fund Balances Beginning of Year</i>                               | 606,289                           | 49,207  | 708,985  | 3,821,811                                      |
| <b><i>Fund Balances End of Year</i></b>                              | <b>\$ 599,462</b>                 | <b>\$ 57,455</b>  | <b>\$ 251,184</b>                                    | <b>\$ 3,462,143</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, 2012**

|  | General Construction<br>Capital<br>Projects | Total<br>Non-major<br>Capital Projects<br>Funds |
|--|---|---|
| <b>Revenues</b>                        |   |   |
| Intergovernmental                      | \$ 3,630,106                                | \$ 3,630,106                                    |
| Miscellaneous                          | 249,412                                     | 249,412   |
| <i>Total Revenues</i>                  | 3,879,518                                   | 3,879,518                                       |
| <b>Expenditures</b>                    |   |   |
| Current:                               |   |   |
| Public works                           | 553   | 553   |
| Capital outlay:                        |   |   |
| Construction in progress               | 3,878,965                                   | 3,878,965                                       |
| <i>Total Expenditures</i>              | 3,879,518                                   | 3,879,518                                       |
| <i>Net Change in Fund Balances</i>     | -   | -   |
| <i>Fund Balances Beginning of Year</i> | -   | -   |
| <b>Fund Balances End of Year</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, 2012**

|  | Centennial Trail<br>Special Revenue Fund |                   |   | Tourism Promotion<br>Special Revenue Fund |                   |   |
|--|--|-------------------|---|---|-------------------|---|
|  | Final Budgeted<br>Amounts                | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) | Final Budgeted<br>Amounts                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>                                      |  |                   |   |   |                   |   |
| Intergovernmental                                    | \$ 117,500                               | \$ 117,500        | \$ -  | \$ 3,500                                  | \$ 2,834          | \$ (666)                                      |
| Charges for services                                 | 15,000                                   | 15,000            | -   | -   | -                 | -   |
| Miscellaneous  | 38,500                                   | 7,892             | (30,608)                                      | -   | -                 | -   |
| <i>Total Revenues</i>                                | 171,000                                  | 140,392           | (30,608)                                      | 3,500                                     | 2,834             | (666)   |
| <b>Expenditures</b>                                  |  |                   |   |   |                   |   |
| Current:   |  |                   |   |   |                   |   |
| Culture and recreation                               | 171,000                                  | -                 | 171,000                                       | 3,500                                     | 2,834             | 666   |
| Capital outlay:                                      |  |                   |   |   |                   |   |
| Capital expenditures                                 | 7,500                                    | -                 | 7,500   | -   | -                 | -   |
| Construction in progress                             | -  | 169,652           | (169,652)                                     | -   | -                 | -   |
| <i>Total Expenditures</i>                            | 178,500                                  | 169,652           | 8,848   | 3,500                                     | 2,834             | 666   |
| <i>Deficiency of Revenues<br/>Under Expenditures</i> | (7,500)                                  | (29,260)          | (21,760)                                      | -   | -                 | -   |
| <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>                   | -  | (21,760)          | (21,760)                                      | -   | -                 | -   |
| <i>Fund Balances Beginning of Year</i>               | 108,654                                  | 108,654           | -   | 978                                       | 978               | -   |
| <b><i>Fund Balances End of Year</i></b>              | <b>\$ 108,654</b>                        | <b>\$ 86,894</b>  | <b>\$ (21,760)</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, 2012**

|  | Airport<br>Special Revenue Fund |                   |   | County Fair<br>Special Revenue Fund |                   |   |
|--|---------------------------------|-------------------|---|-------------------------------------|-------------------|---|
|  | Final Budgeted<br>Amounts       | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) | Final Budgeted<br>Amounts           | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>  |                                 |                   |   |                                     |                   |   |
| Taxes  | \$ 420,338                      | \$ 427,951        | \$ 7,613                                      | \$ 43,740                           | \$ 46,458         | \$ 2,718                                      |
| Intergovernmental  | -                               | 6,262             | 6,262   | -                                   | -                 | -   |
| Charges for services   | 58,400                          | 107,887           | 49,487  | -                                   | -                 | -   |
| Miscellaneous  | 268,083                         | 275,670           | 7,587   | 31,260                              | -                 | (31,260)                                      |
| <i>Total Revenues</i>  | 746,821                         | 817,770           | 70,949  | 75,000                              | 46,458            | (28,542)                                      |
| <b>Expenditures</b>  |                                 |                   |   |                                     |                   |   |
| Current:   |                                 |                   |   |                                     |                   |   |
| Public works   | 707,728                         | 724,063           | (16,335)                                      | -                                   | -                 | -   |
| Culture and recreation   | -                               | -                 | -   | 75,000                              | 75,000            | -   |
| Capital outlay:  |                                 |                   |   |                                     |                   |   |
| Construction in progress   | 50,000                          | -                 | 50,000  | -                                   | -                 | -   |
| <i>Total Expenditures</i>  | 757,728                         | 724,063           | 33,665  | 75,000                              | 75,000            | -   |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | (10,907)                        | 93,707            | 104,614                                       | -                                   | (28,542)          | (28,542)                                      |
| <b>Other Financing Sources</b>                                       |                                 |                   |   |                                     |                   |   |
| Transfer in  | 10,907                          | -                 | (10,907)                                      | -                                   | -                 | -   |
| <i>Total Other Financing Sources</i>                                 | 10,907                          | -                 | (10,907)                                      | -                                   | -                 | -   |
| <i>Net Change in Fund Balances</i>                                   | -                               | 93,707            | 93,707  | -                                   | (28,542)          | (28,542)                                      |
| <i>Fund Balances Beginning of Year</i>                               | 400,610                         | 400,610           | -   | 30,687                              | 30,687            | -   |
| <b><i>Fund Balances End of Year</i></b>                              | <b>\$ 400,610</b>               | <b>\$ 494,317</b> | <b>\$ 93,707</b>                              | <b>\$ 30,687</b>                    | <b>\$ 2,145</b>   | <b>\$ (28,542)</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, 2012**

|  | Noxious Weeds<br>Special Revenue Fund |                   |   | Health District<br>Special Revenue Fund |                   |   |
|--|---------------------------------------|-------------------|---|---|-------------------|---|
|  | Final Budgeted<br>Amounts             | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) | Final Budgeted<br>Amounts               | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>                              |                                       |                   |   |   |                   |   |
| Taxes  | \$ 209,368                            | \$ 216,671        | \$ 7,303                                      | \$ 592,032                              | \$ 607,160        | \$ 15,128                                     |
| Intergovernmental                            | 5,100                                 | 36,187            | 31,087  | -                                       | -                 | -   |
| Charges for services                         | -                                     | 270               | 270   | -                                       | -                 | -   |
| Miscellaneous                                | 59,656                                | 1,150             | (58,506)                                      | 29,578                                  | -                 | (29,578)                                      |
| <i>Total Revenues</i>                        | 274,124                               | 254,278           | (19,846)                                      | 621,610                                 | 607,160           | (14,450)                                      |
| <b>Expenditures</b>                          |                                       |                   |   |   |                   |   |
| Current:                                     |                                       |                   |   |   |                   |   |
| Sanitation                                   | 275,186                               | 289,813           | (14,627)                                      | -                                       | -                 | -   |
| Health & welfare                             | -                                     | -                 | -   | 666,606                                 | 666,606           | -   |
| Capital outlay:                              |                                       |                   |   |   |                   |   |
| Construction in Progress                     | -                                     | 5,000             | (5,000)                                       | -                                       | -                 | -   |
| <i>Total Expenditures</i>                    | 275,186                               | 294,813           | (19,627)                                      | 666,606                                 | 666,606           | -   |
| Deficiency of Revenues<br>Under Expenditures | (1,062)                               | (40,535)          | (39,473)                                      | (44,996)                                | (59,446)          | (14,450)                                      |
| <b>Other Financing Sources</b>               |                                       |                   |   |   |                   |   |
| Transfers In                                 | 1,062                                 | -                 | (1,062)                                       | 44,996                                  | 44,996            | -   |
| <i>Total Other Financing Sources</i>         | 1,062                                 | -                 | (1,062)                                       | 44,996                                  | 44,996            | -   |
| <i>Net Change in Fund Balances</i>           | -                                     | (40,535)          | (40,535)                                      | -                                       | (14,450)          | (14,450)                                      |
| <i>Fund Balances Beginning of Year</i>       | 99,172                                | 99,172            | -   | 37,759                                  | 37,759            | -   |
| <b><i>Fund Balances End of Year</i></b>      | <b>\$ 99,172</b>                      | <b>\$ 58,637</b>  | <b>\$ (40,535)</b>                            | <b>\$ 37,759</b>                        | <b>\$ 23,309</b>  | <b>\$ (14,450)</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, 2012**

|  | Historical Society<br>Special Revenue Fund |                   |   | Parks Fund<br>Special Revenue Fund |                   |   |
|--|--|-------------------|---|------------------------------------|-------------------|---|
|  | Final Budgeted<br>Amounts                  | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) | Final Budgeted<br>Amounts          | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>                              |  |                   |   |                                    |                   |   |
| Taxes  | \$ -                                       | \$ 735            | \$ 735  | \$ 151,679                         | \$ 158,284        | \$ 6,605                                      |
| Intergovernmental                            | -  | -                 | -   | -                                  | -                 | -   |
| Charges for Services                         | -  | -                 | -   | 61,310                             | 63,913            | 2,603   |
| Miscellaneous                                | 10,322                                     | -                 | (10,322)                                      | 89,692                             | 1,859             | (87,833)                                      |
| <i>Total Revenues</i>                        | 10,322                                     | 735               | (9,587)                                       | 302,681                            | 224,056           | (78,625)                                      |
| <b>Expenditures</b>                          |  |                   |   |                                    |                   |   |
| Current:                                     |  |                   |   |                                    |                   |   |
| Culture and recreation                       | 10,322                                     | 10,483            | (161)   | 246,923                            | 252,452           | (5,529)                                       |
| Capital outlay:                              |  |                   |   |                                    |                   |   |
| Capital expenditures                         | -  | -                 | -   | 5,500                              | 5,700             | (200)   |
| Construction in Progress                     | -  | -                 | -   | 54,700                             | 27,302            | 27,398  |
| <i>Total Expenditures</i>                    | 10,322                                     | 10,483            | (161)   | 307,123                            | 285,454           | 21,669  |
| Deficiency of Revenues<br>Under Expenditures | -  | (9,748)           | (9,748)                                       | (4,442)                            | (61,398)          | (56,956)                                      |
| <b>Other Financing Sources</b>               |  |                   |   |                                    |                   |   |
| Transfers In                                 | -  | -                 | -   | 4,442                              | 134               | (4,308)                                       |
| <i>Total Other Financing Sources</i>         | -  | -                 | -   | 4,442                              | 134               | (4,308)                                       |
| <i>Net Change in Fund Balances</i>           | -  | (9,748)           | (9,748)                                       | -                                  | (61,264)          | (61,264)                                      |
| <i>Fund Balances Beginning of Year</i>       | 10,289                                     | 10,289            | -   | 186,346                            | 186,346           | -   |
| <b><i>Fund Balances End of Year</i></b>      | <b>\$ 10,289</b>                           | <b>\$ 541</b>     | <b>\$ (9,748)</b>                             | <b>\$ 186,346</b>                  | <b>\$ 125,082</b> | <b>\$ (61,264)</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, 2012**

|  | Snowmobile<br>Special Revenue Fund |                   |   | County Vessel<br>Special Revenue Fund |                   |   |
|--|------------------------------------|-------------------|---|---------------------------------------|-------------------|---|
|  | Final Budgeted<br>Amounts          | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) | Final Budgeted<br>Amounts             | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>  |                                    |                   |   |                                       |                   |   |
| Licenses and permits   | \$ 99,217                          | \$ 81,306         | \$ (17,911)                                   | \$ -                                  | \$ -              | \$ -  |
| Intergovernmental  | -                                  | 425               | 425   | 485,145                               | 701,629           | 216,484                                       |
| Miscellaneous  | -                                  | 16,145            | 16,145  | 100,003                               | 267               | (99,736)                                      |
| <i>Total Revenues</i>  | 99,217                             | 97,876            | (1,341)                                       | 585,148                               | 701,896           | 116,748                                       |
| <b>Expenditures</b>  |                                    |                   |   |                                       |                   |   |
| Current:   |                                    |                   |   |                                       |                   |   |
| Public Safety  | 5,000                              | 24,408            | (19,408)                                      | 193,741                               | 330,071           | (136,330)                                     |
| Culture and recreation                                       | 95,564                             | 70,259            | 25,305  | 245,719                               | 231,855           | 13,864  |
| Capital outlay:  |                                    |                   |   |                                       |                   |   |
| Capital expenditures   | -                                  | -                 | -   | 50,130                                | 26,688            | 23,442  |
| Construction in progress                                     | -                                  | -                 | -   | 146,000                               | 2,062             | 143,938                                       |
| <i>Total Expenditures</i>                                    | 100,564                            | 94,667            | 5,897   | 635,590                               | 590,676           | 44,914  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (1,347)                            | 3,209             | 4,556   | (50,442)                              | 111,220           | 161,662                                       |
| <b>Other Financing Sources</b>                               |                                    |                   |   |                                       |                   |   |
| Proceeds from Insurance                                      | -                                  | -                 | -   | -                                     | 7,878             | 7,878   |
| Transfer in  | 1,347                              | -                 | (1,347)                                       | 50,442                                | 134               | (50,308)                                      |
| <i>Total Other Financing Sources</i>                         | 1,347                              | -                 | (1,347)                                       | 50,442                                | 8,012             | (42,430)                                      |
| <i>Net Change in Fund Balances</i>                           | -                                  | 3,209             | 3,209   | -                                     | 119,232           | 119,232                                       |
| <i>Fund Balances Beginning of Year</i>                       | 131,643                            | 131,643           | -   | 83,523                                | 83,523            | -   |
| <b><i>Fund Balances End of Year</i></b>                      | <b>\$ 131,643</b>                  | <b>\$ 134,852</b> | <b>\$ 3,209</b>                               | <b>\$ 83,523</b>                      | <b>\$ 202,755</b> | <b>\$ 119,232</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, 2012**

|  | Public Access<br>Special Revenue Fund |                   |   | Indigent<br>Special Revenue Fund |                   |   |
|--|---------------------------------------|-------------------|---|----------------------------------|-------------------|---|
|  | Final Budgeted<br>Amounts             | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) | Final Budgeted<br>Amounts        | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>  |                                       |                   |   |                                  |                   |   |
| Taxes  | \$ -                                  | \$ -              | \$ -  | \$ 2,836,817                     | \$ 2,839,760      | \$ 2,943                                      |
| Intergovernmental  | 5,800                                 | 5,481             | (319)   | -                                | -                 | -   |
| Interest   | 600                                   | 660               | 60  | -                                | -                 | -   |
| Miscellaneous  | 46,000                                | -                 | (46,000)                                      | 326,500                          | 591,531           | 265,031                                       |
| <i>Total Revenues</i>  | 52,400                                | 6,141             | (46,259)                                      | 3,163,317                        | 3,431,291         | 267,974                                       |
| <b>Expenditures</b>  |                                       |                   |   |                                  |                   |   |
| Current:   |                                       |                   |   |                                  |                   |   |
| Culture and recreation   | 6,400                                 | -                 | 6,400   | -                                | -                 | -   |
| Health & welfare   | -                                     | -                 | -   | 3,172,284                        | 3,066,070         | 106,214                                       |
| <i>Total Expenditures</i>  | 6,400                                 | -                 | 6,400   | 3,172,284                        | 3,066,070         | 106,214                                       |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | 46,000                                | 6,141             | (39,859)                                      | (8,967)                          | 365,221           | 374,188                                       |
| <b>Other Financing Sources</b>                                       |                                       |                   |   |                                  |                   |   |
| Transfers in   | -                                     | -                 | -   | 8,967                            | 2,315             | (6,652)                                       |
| Transfers (out)  | (46,000)                              | -                 | 46,000  | -                                | -                 | -   |
| <i>Total Other Financing Sources</i>                                 | (46,000)                              | -                 | 46,000  | 8,967                            | 2,315             | (6,652)                                       |
| <i>Net Change in Fund Balances</i>                                   | -                                     | 6,141             | 6,141   | -                                | 367,536           | 367,536                                       |
| <i>Fund Balances Beginning of Year (deficit)</i>                     | 69,114                                | 69,114            | -   | 80,112                           | 80,112            | -   |
| <b><i>Fund Balances End of Year (deficit)</i></b>                    | <b>\$ 69,114</b>                      | <b>\$ 75,255</b>  | <b>\$ 6,141</b>                               | <b>\$ 80,112</b>                 | <b>\$ 447,648</b> | <b>\$ 367,536</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, 2012**

|   | Public Transportation<br>Special Revenue Fund |                   | Variance with<br>Final Budge<br>Over (Under) |
|---|---|-------------------|--|
|   | Final Budgeted<br>Amounts                     | Actual<br>Amounts |  |
| <b>Revenues</b>                         |   |                   |  |
| Intergovernmental                       | \$ 735,301                                    | \$ 872,321        | \$ 137,020                                   |
| Charges for services                    | 703,119                                       | 861,367           | 158,248                                      |
| <i>Total Revenues</i>                   | 1,438,420                                     | 1,733,688         | 295,268                                      |
| <b>Expenditures</b>                     |   |                   |  |
| Current:                                |   |                   |  |
| General government                      | 1,438,420                                     | 1,733,688         | (295,268)                                    |
| Capital outlay:                         |   |                   |  |
| Capital expenditures                    | -   | -                 | -  |
| <i>Total Expenditures</i>               | 1,438,420                                     | 1,733,688         | (295,268)                                    |
| <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, 2012**

|  | District Court<br>Special Revenue Fund |                   |   | Revaluation<br>Special Revenue Fund |                   |   |
|--|--|-------------------|---|-------------------------------------|-------------------|---|
|  | Final Budgeted<br>Amounts              | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) | Final Budgeted<br>Amounts           | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>  |  |                   |   |                                     |                   |   |
| Taxes  | \$ 518,463                             | \$ 534,887        | \$ 16,424                                     | \$ 2,003,411                        | \$ 2,051,570      | \$ 48,159                                     |
| Licenses and permits   | 14,000                                 | 15,906            | 1,906   | -                                   | -                 | -   |
| Intergovernmental  | 60,323                                 | 138,557           | 78,234  | -                                   | -                 | -   |
| Fines and Forfeitures  | 970,500                                | 973,045           | 2,545   | -                                   | -                 | -   |
| Charges for services   | 140,192                                | 104,789           | (35,403)                                      | -                                   | 368               | 368   |
| Miscellaneous  | 350,000                                | 135               | (349,865)                                     | 211,581                             | 1,237             | (210,344)                                     |
| <i>Total Revenues</i>  | 2,053,478                              | 1,767,319         | (286,159)                                     | 2,214,992                           | 2,053,175         | (161,817)                                     |
| <b>Expenditures</b>  |  |                   |   |                                     |                   |   |
| Current:   |  |                   |   |                                     |                   |   |
| General government   | -                                      | -                 | -   | 2,223,414                           | 2,033,074         | 190,340                                       |
| Public Safety  | 2,048,708                              | 2,045,471         | 3,237   | -                                   | -                 | -   |
| Capital outlay:  |  |                   |   |                                     |                   |   |
| Capital expenditures   | 61,764                                 | 42,236            | 19,528  | 30,000                              | 29,100            | 900   |
| <i>Total Expenditures</i>  | 2,110,472                              | 2,087,707         | 22,765  | 2,253,414                           | 2,062,174         | 191,240                                       |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | (56,994)                               | (320,388)         | (263,394)                                     | (38,422)                            | (8,999)           | 29,423  |
| <b>Other Financing Sources</b>                                       |  |                   |   |                                     |                   |   |
| Transfer in  | 36,994                                 | 3,574             | (33,420)                                      | 38,422                              | 2,172             | (36,250)                                      |
| <i>Total Other Financing Sources</i>                                 | 36,994                                 | 3,574             | (33,420)                                      | 38,422                              | 2,172             | (36,250)                                      |
| <i>Net Change in Fund Balances</i>                                   | (20,000)                               | (316,814)         | (296,814)                                     | -                                   | (6,827)           | (6,827)                                       |
| Fund Balances Beginning of Year                                      | 1,218,443                              | 1,218,443         | -   | 606,289                             | 606,289           | -   |
| <b><i>Fund Balances End of Year</i></b>                              | <b>\$ 1,198,443</b>                    | <b>\$ 901,629</b> | <b>\$ (296,814)</b>                           | <b>\$ 606,289</b>                   | <b>\$ 599,462</b> | <b>\$ (6,827)</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, 2012**

|  | Kootenai Emergency Management<br>Special Revenue Fund |                         |   | Aquifer Protection District<br>Special Revenue Fund |                          |   |
|--|---|-------------------------|---|---|--------------------------|---|
|  | Final Budgeted<br>Amounts                             | Actual<br>Amounts       | Variance with<br>Final Budget<br>Over (Under) | Final Budgeted<br>Amounts                           | Actual<br>Amounts        | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>  |   |                         |   |   |                          |   |
| Taxes  | \$ 1,975,058  | \$ 2,021,653            | \$ 46,595                                     | \$ 378,133  | \$ 32,481                | \$ (345,652)                                  |
| Licenses and permits   | 71,237  | 37,877                  | (33,360)                                      | -   | -                        | -   |
| Intergovernmental  | -   | 52,950                  | 52,950  | -   | -                        | -   |
| Miscellaneous  | -   | -                       | -   | 141,587   | -                        | (141,587)                                     |
| <i>Total Revenues</i>  | <u>2,046,295</u>                                      | <u>2,112,480</u>        | <u>66,185</u>                                 | <u>519,720</u>                                      | <u>32,481</u>            | <u>(487,239)</u>                              |
| <b>Expenditures</b>  |   |                         |   |   |                          |   |
| Current:   |   |                         |   |   |                          |   |
| Public Safety  | 2,046,295   | 2,104,232               | (57,937)                                      | -   | -                        | -   |
| Health & welfare   | -   | -                       | -   | 493,670   | 464,232                  | 29,438  |
| <i>Total Expenditures</i>  | <u>2,046,295</u>                                      | <u>2,104,232</u>        | <u>(57,937)</u>                               | <u>493,670</u>                                      | <u>464,232</u>           | <u>29,438</u>                                 |
| <i>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</i> | <u>-</u>  | <u>8,248</u>            | <u>8,248</u>                                  | <u>26,050</u>                                       | <u>(431,751)</u>         | <u>(457,801)</u>                              |
| <b>Other Financing Sources</b>                                       |   |                         |   |   |                          |   |
| Transfer out   | -   | -                       | -   | (26,050)  | (26,050)                 | -   |
| <i>Total Other Financing Sources</i>                                 | <u>-</u>  | <u>-</u>                | <u>-</u>                                      | <u>(26,050)</u>                                     | <u>(26,050)</u>          | <u>-</u>                                      |
| <i>Net Change in Fund Balances</i>                                   | <u>-</u>  | <u>8,248</u>            | <u>8,248</u>                                  | <u>-</u>  | <u>(457,801)</u>         | <u>(457,801)</u>                              |
| <i>Fund Balances Beginning of Year</i>                               | <u>49,207</u>   | <u>49,207</u>           | <u>-</u>                                      | <u>708,985</u>                                      | <u>708,985</u>           | <u>-</u>                                      |
| <b><i>Fund Balances End of Year</i></b>                              | <b><u>\$ 49,207</u></b>                               | <b><u>\$ 57,455</u></b> | <b><u>\$ 8,248</u></b>                        | <b><u>\$ 708,985</u></b>                            | <b><u>\$ 251,184</u></b> | <b><u>\$ (457,801)</u></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, 2012**

|   | General Construction<br>Capital Project Fund |                   |   |
|---|--|-------------------|---|
|   | Final Budgeted<br>Amounts                    | Actual<br>Amounts | Variance with<br>Final Budget<br>Over (Under) |
| <b>Revenues</b>                         |  |                   |   |
| Intergovernmental                       | \$ 3,630,260                                 | \$ 3,630,106      | \$ (154)                                      |
| Miscellaneous                           | 249,504                                      | 249,412           | (92)  |
| <i>Total Revenues</i>                   | 3,879,764                                    | 3,879,518         | (246)   |
| <b>Expenditures</b>                     |  |                   |   |
| Current:                                |  |                   |   |
| Public Works                            | -  | 553               | (553)   |
| Capital outlay:                         |  |                   |   |
| Capital expenditures                    | 2,596  | -                 | 2,596   |
| Construction in progress                | 3,877,168                                    | 3,878,965         | (1,797)                                       |
| <i>Total Expenditures</i>               | 3,879,764                                    | 3,879,518         | 246   |
| <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, 2012**  
**With Comparative Totals for September 30, 2011**

|                              | Agency Funds        |                     |                      |                     |
|------------------------------|---------------------|---------------------|----------------------|---------------------|
|                              | State of Idaho      | Cities              | Highway<br>Districts | School<br>Districts |
| <b>Assets</b>                |                     |                     |                      |                     |
| Cash in bank and investments | \$ 1,239,691        | \$ 188,196          | \$ 35,905            | \$ 148,512          |
| Receivables:                 |                     |                     |                      |                     |
| Taxes delinquent             | 179,172             | 1,181,136           | 439,787              | 1,431,621           |
| <b>Total Assets</b>          | <b>\$ 1,418,863</b> | <b>\$ 1,369,332</b> | <b>\$ 475,692</b>    | <b>\$ 1,580,133</b> |
| <b>Liabilities</b>           |                     |                     |                      |                     |
| Due to agency activity       | \$ 1,418,863        | \$ 1,369,332        | \$ 475,692           | \$ 1,580,133        |
| <b>Total Liabilities</b>     | <b>\$ 1,418,863</b> | <b>\$ 1,369,332</b> | <b>\$ 475,692</b>    | <b>\$ 1,580,133</b> |

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2012**  
**With Comparative Totals for September 30, 2011**

|                              | Agency Funds      |                   |                            |                        |
|------------------------------|-------------------|-------------------|----------------------------|------------------------|
|                              | Fire<br>Districts | Public<br>Library | Water &<br>Sewer Districts | North Idaho<br>College |
| <b>Assets</b>                |                   |                   |                            |                        |
| Cash in bank and investments | \$ 69,859         | \$ 14,419         | \$ 4,790                   | \$ 62,284              |
| Receivables:                 |                   |                   |                            |                        |
| Taxes delinquent             | 620,239           | 172,256           | 91,548                     | 597,605                |
| <b>Total Assets</b>          | <b>\$ 690,098</b> | <b>\$ 186,675</b> | <b>\$ 96,338</b>           | <b>\$ 659,889</b>      |
| <b>Liabilities</b>           |                   |                   |                            |                        |
| Due to agency activity       | \$ 690,098        | 186,675           | 96,338                     | 659,889                |
| <b>Total Liabilities</b>     | <b>\$ 690,098</b> | <b>\$ 186,675</b> | <b>\$ 96,338</b>           | <b>\$ 659,889</b>      |

See accompanying Independent Auditors' Report

*continued*

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2012**  
**With Comparative Totals for September 30, 2011**

|                              | Agency Funds       |                            | Totals              |                     |
|------------------------------|--------------------|----------------------------|---------------------|---------------------|
|                              | Public<br>Hospital | Urban Renewal<br>Districts | 2012                | 2011                |
| <b>Assets</b>                |                    |                            |                     |                     |
| Cash in bank and investments | \$ -               | \$ 43,995                  | \$ 1,807,651        | \$ 1,392,030        |
| Receivables:                 |                    |                            |                     |                     |
| Taxes delinquent             | -                  | 1,248,115                  | 5,961,479           | 5,859,732           |
| <b>Total Assets</b>          | <b>\$ -</b>        | <b>\$ 1,292,110</b>        | <b>\$ 7,769,130</b> | <b>\$ 7,251,762</b> |
| <b>Liabilities</b>           |                    |                            |                     |                     |
| Due to agency activity       | \$ -               | \$ 1,292,110               | \$ 7,769,130        | \$ 7,251,762        |
| <b>Total Liabilities</b>     | <b>\$ -</b>        | <b>\$ 1,292,110</b>        | <b>\$ 7,769,130</b> | <b>\$ 7,251,762</b> |

*See accompanying Independent Auditors' Report*

**KOOTENAI COUNTY, IDAHO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**September 30, 2012**  
**With Comparative Totals for September 30, 2011**

|   | Private Purpose<br>Trust Funds |                     |
|---|--------------------------------|---------------------|
|   | 2012                           | 2011                |
| <b>Assets</b>                           |                                |                     |
| Cash in bank and investments            | \$ 4,404,887                   | \$ 3,480,067        |
| Receivables:                            |                                |                     |
| Taxes delinquent                        | 24,222                         | 33,883              |
| Accounts Receivable, Net                | 10,478                         | 6,487               |
|   |                                |                     |
| <b>Total Assets</b>                     | <b>\$ 4,439,587</b>            | <b>\$ 3,520,437</b> |
| <b>Liabilities</b>                      |                                |                     |
| Accounts payable                        | \$ 14,192                      | \$ -                |
| Deferred property taxes                 | 476,593                        | 488,849             |
| Due in more than one year               | 20,208                         | 20,315              |
| Due to other individuals                | 3,443,144                      | 2,822,400           |
| Due to other governments                | 404,196                        | 65,530              |
|   |                                |                     |
| <b>Total Liabilities</b>                | <b>4,358,333</b>               | <b>3,397,094</b>    |
| <b>Net Assets</b>                       |                                |                     |
| <b>Held in trust for other purposes</b> | <b>\$ 81,254</b>               | <b>\$ 123,343</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, 2012**

|                              | Agency Funds        |                      |                       |                     |
|------------------------------|---------------------|----------------------|-----------------------|---------------------|
|                              | Balance<br>10/1/11  | Additions            | Deletions             | Balance<br>9/30/12  |
| <b>State of Idaho</b>        |                     |                      |                       |                     |
| <b>Assets</b>                |                     |                      |                       |                     |
| Cash in bank and investments | \$ 895,814          | \$ 16,817,196        | \$ 16,473,319         | \$ 1,239,691        |
| Receivables:                 |                     |                      |                       |                     |
| Taxes delinquent             | 131,086             | 1,817,611            | 1,769,525             | 179,172             |
| <b>Total Assets</b>          | <b>1,026,900</b>    | <b>18,634,807</b>    | <b>18,242,844</b>     | <b>1,418,863</b>    |
| <b>Liabilities</b>           |                     |                      |                       |                     |
| Due to agency activity       | 1,026,900           | 34,993,756           | 34,601,793            | 1,418,863           |
| <b>Total Liabilities</b>     | <b>\$ 1,026,900</b> | <b>\$ 34,993,756</b> | <b>\$ 34,601,793</b>  | <b>\$ 1,418,863</b> |
| <b>Cities</b>                |                     |                      |                       |                     |
| <b>Assets</b>                |                     |                      |                       |                     |
| Cash in bank and investments | \$ 165,303          | \$ 34,672,029        | \$ 34,649,136         | \$ 188,196          |
| Receivables:                 |                     |                      |                       |                     |
| Taxes delinquent             | 1,684,533           | 31,169,069           | 31,672,465            | 1,181,137           |
| <b>Total Assets</b>          | <b>1,849,836</b>    | <b>65,841,098</b>    | <b>66,321,601</b>     | <b>1,369,333</b>    |
| <b>Liabilities</b>           |                     |                      |                       |                     |
| Due to agency activity       | 1,849,836           | 99,604,549           | 100,085,052           | 1,369,333           |
| <b>Total Liabilities</b>     | <b>\$ 1,849,836</b> | <b>\$ 99,604,549</b> | <b>\$ 100,085,052</b> | <b>\$ 1,369,333</b> |
| <b>Highway Districts</b>     |                     |                      |                       |                     |
| <b>Assets</b>                |                     |                      |                       |                     |
| Cash in bank and investments | \$ 26,111           | \$ 7,254,087         | \$ 7,244,293          | \$ 35,905           |
| Receivables:                 |                     |                      |                       |                     |
| Taxes delinquent             | 448,512             | 8,403,237            | 8,411,963             | 439,786             |
| <b>Total Assets</b>          | <b>474,623</b>      | <b>15,657,324</b>    | <b>15,656,256</b>     | <b>475,691</b>      |
| <b>Liabilities</b>           |                     |                      |                       |                     |
| Due to agency activity       | 474,623             | 22,582,891           | 22,581,823            | 475,691             |
| <b>Total Liabilities</b>     | <b>\$ 474,623</b>   | <b>\$ 22,582,891</b> | <b>\$ 22,581,823</b>  | <b>\$ 475,691</b>   |
| <b>School Districts</b>      |                     |                      |                       |                     |
| <b>Assets</b>                |                     |                      |                       |                     |
| Cash in bank and investments | \$ 117,171          | \$ 32,557,236        | \$ 32,525,895         | \$ 148,512          |
| Receivables:                 |                     |                      |                       |                     |
| Taxes delinquent             | 1,387,283           | 33,063,661           | 33,019,324            | 1,431,620           |
| <b>Total Assets</b>          | <b>1,504,454</b>    | <b>65,620,897</b>    | <b>65,545,219</b>     | <b>1,580,132</b>    |
| <b>Liabilities</b>           |                     |                      |                       |                     |
| Due to agency activity       | 1,504,454           | 97,179,582           | 97,103,904            | 1,580,132           |
| <b>Total Liabilities</b>     | <b>\$ 1,504,454</b> | <b>\$ 97,179,582</b> | <b>\$ 97,103,904</b>  | <b>\$ 1,580,132</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, 2012**

|   | Agency Funds       |                      |                      | Balance<br>9/30/12 |
|---|--------------------|----------------------|----------------------|--------------------|
|   | Balance<br>10/1/11 | Additions            | Deletions            |                    |
| <b><i>Fire Districts</i></b>              |                    |                      |                      |                    |
| <b>Assets</b>                             |                    |                      |                      |                    |
| Cash in bank and investments              | \$ 70,153          | \$ 13,058,354        | \$ 13,058,647        | \$ 69,860          |
| Receivables:                              |                    |                      |                      |                    |
| Taxes delinquent                          | 635,411            | 12,767,641           | 12,782,813           | 620,239            |
| <b>Total Assets</b>                       | <b>705,564</b>     | <b>25,825,995</b>    | <b>25,841,460</b>    | <b>690,099</b>     |
| <b>Liabilities</b>                        |                    |                      |                      |                    |
| Due to agency activity                    | 705,564            | 38,249,628           | 38,265,093           | 690,099            |
| <b>Total Liabilities</b>                  | <b>\$ 705,564</b>  | <b>\$ 38,249,628</b> | <b>\$ 38,265,093</b> | <b>\$ 690,099</b>  |
| <b><i>Public Library</i></b>              |                    |                      |                      |                    |
| <b>Assets</b>                             |                    |                      |                      |                    |
| Cash in bank and investments              | \$ 11,435          | \$ 3,444,635         | \$ 3,441,651         | \$ 14,419          |
| Receivables:                              |                    |                      |                      |                    |
| Taxes delinquent                          | 144,913            | 3,450,871            | 3,423,528            | 172,256            |
| <b>Total Assets</b>                       | <b>156,348</b>     | <b>6,895,506</b>     | <b>6,865,179</b>     | <b>186,675</b>     |
| <b>Liabilities</b>                        |                    |                      |                      |                    |
| Due to agency activity                    | 156,348            | 10,196,741           | 10,166,414           | 186,675            |
| <b>Total Liabilities</b>                  | <b>\$ 156,348</b>  | <b>\$ 10,196,741</b> | <b>\$ 10,166,414</b> | <b>\$ 186,675</b>  |
| <b><i>Water &amp; Sewer Districts</i></b> |                    |                      |                      |                    |
| <b>Assets</b>                             |                    |                      |                      |                    |
| Cash in bank and investments              | \$ 9,796           | \$ 338,853           | \$ 343,858           | \$ 4,791           |
| Receivables:                              |                    |                      |                      |                    |
| Taxes delinquent                          | 61,219             | 423,929              | 393,599              | 91,549             |
| <b>Total Assets</b>                       | <b>71,015</b>      | <b>762,782</b>       | <b>737,457</b>       | <b>96,340</b>      |
| <b>Liabilities</b>                        |                    |                      |                      |                    |
| Due to agency activity                    | 71,015             | 1,031,960            | 1,006,635            | 96,340             |
| <b>Total Liabilities</b>                  | <b>\$ 71,015</b>   | <b>\$ 1,031,960</b>  | <b>\$ 1,006,635</b>  | <b>\$ 96,340</b>   |
| <b><i>North Idaho College</i></b>         |                    |                      |                      |                    |
| <b>Assets</b>                             |                    |                      |                      |                    |
| Cash in bank and investments              | \$ 51,022          | \$ 14,087,954        | \$ 14,076,693        | \$ 62,283          |
| Receivables:                              |                    |                      |                      |                    |
| Taxes delinquent                          | 663,614            | 13,783,661           | 13,849,669           | 597,606            |
| <b>Total Assets</b>                       | <b>714,636</b>     | <b>27,871,615</b>    | <b>27,926,362</b>    | <b>659,889</b>     |
| <b>Liabilities</b>                        |                    |                      |                      |                    |
| Due to agency activity                    | 714,636            | 41,469,338           | 41,524,085           | 659,889            |
| <b>Total Liabilities</b>                  | <b>\$ 714,636</b>  | <b>\$ 41,469,338</b> | <b>\$ 41,524,085</b> | <b>\$ 659,889</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, 2012**

|   | Agency Funds        |                       |                       |                     |
|---|---------------------|-----------------------|-----------------------|---------------------|
|   | Balance<br>10/1/11  | Additions             | Deletions             | Balance<br>9/30/12  |
| <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                  | \$ 45,224           | \$ 11,151,854         | \$ 11,153,083         | \$ 43,995           |
| Receivables:                                  |                     |                       |                       |                     |
| Taxes delinquent                              | 703,162             | 11,863,552            | 11,318,601            | 1,248,113           |
| <b>Total Assets</b>                           | <b>748,386</b>      | <b>23,015,406</b>     | <b>22,471,684</b>     | <b>1,292,108</b>    |
| <b>Liabilities</b>                            |                     |                       |                       |                     |
| Due to agency activity                        | 748,386             | 32,949,729            | 32,406,007            | 1,292,108           |
| <b>Total Liabilities</b>                      | <b>\$ 748,386</b>   | <b>\$ 32,949,729</b>  | <b>\$ 32,406,007</b>  | <b>\$ 1,292,108</b> |
| <b><i>Total Agency Activity</i></b>           |                     |                       |                       |                     |
| <b>Total Assets</b>                           | <b>\$ 7,251,762</b> |                       |                       | <b>\$ 7,769,130</b> |
| <b>Total Liabilities</b>                      | <b>\$ 7,251,762</b> |                       |                       | <b>\$ 7,769,130</b> |
| <b>Private Purpose Trust Funds</b>            |                     |                       |                       |                     |
|   | Balance<br>10/1/11  | Additions             | Deletions             | Balance<br>9/30/12  |
| <b>Assets</b>                                 |                     |                       |                       |                     |
| Cash in bank and investments                  | \$ 3,480,067        | \$ 179,001,908        | \$ 178,077,088        | \$ 4,404,887        |
| Receivables:                                  |                     |                       |                       |                     |
| Taxes delinquent                              | 40,370              | 45,927                | 51,597                | 34,700              |
| <b>Total Assets</b>                           | <b>3,520,437</b>    | <b>179,047,835</b>    | <b>178,128,685</b>    | <b>4,439,587</b>    |
| <b>Liabilities</b>                            |                     |                       |                       |                     |
| Accounts payable                              | -                   | 6,615,782             | 6,601,591             | 14,191              |
| Deferred property taxes                       | 488,849             | 161,637,650           | 161,649,905           | 476,594             |
| Due in more than one year                     | 20,315              | 6,376                 | 6,483                 | 20,208              |
| Due to individuals                            | 2,822,400           | 22,875,389            | 22,254,645            | 3,443,144           |
| Due to other governments                      | 65,530              | 2,739,315             | 2,400,649             | 404,196             |
| <b>Total Liabilities</b>                      | <b>\$ 3,397,094</b> | <b>\$ 193,874,512</b> | <b>\$ 192,913,273</b> | <b>\$ 4,358,333</b> |
| <b>Net Assets End of Year</b>                 | <b>\$ 123,343</b>   |                       |                       | <b>\$ 81,254</b>    |

See accompanying Independent Auditors' Report

# Statistical Section

## **Mowry Access Road Improvements**





**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.

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Financial Trends ..... 112

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

Revenue Capacity ..... 119

*These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.*

Debt Capacity ..... 127

*These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

Demographic and Economic Information. .... 129

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

Operating Information ..... 132

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

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

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

|  | <u>Fiscal Year</u> |                  |                  |                   |                   |                   |                   |                   |                   |                   |
|--|--------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2003               | 2004             | 2005             | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              |
| <b>Governmental activities</b>                       |                    |                  |                  |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets,<br>net of related debt   | \$ 31,012          | \$ 32,657        | \$ 35,833        | \$ 44,717         | \$ 47,604         | \$ 46,749         | \$ 49,558         | \$ 50,237         | \$ 51,342         | \$ 54,424         |
| Restricted   | 364                | 4,475            | 13,407           | 7,398             | 1,562             | 3,256             | 4,083             | 6,739             | 3,587             | 4,178             |
| Unrestricted   | 8,035              | 10,650           | 14,879           | 18,788            | 22,769            | 22,242            | 24,149            | 24,431            | 27,311            | 28,196            |
| <b>Total governmental activities<br/>net assets</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>\$ 86,798</b>  |
| <b>Business-type activities</b>                      |                    |                  |                  |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets,<br>net of related debt   | \$ 2,830           | \$ 1,883         | \$ 3,350         | \$ 3,134          | \$ 13,296         | \$ 22,970         | \$ 28,681         | \$ 28,905         | \$ 26,800         | \$ 25,796         |
| Restricted   | 3,249              | 3,938            | 3,707            | 15,955            | 15,772            | 8,826             | 6,445             | 8,549             | 1,800             | 8,775             |
| Unrestricted   | 18,561             | 20,702           | 22,821           | 13,924            | 7,820             | 9,076             | 6,962             | 6,399             | 16,137            | 12,079            |
| <b>Total business-type activities<br/>net assets</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>\$ 46,650</b>  |
| <b>Primary government</b>                            |                    |                  |                  |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets,<br>net of related debt   | \$ 33,842          | \$ 34,540        | \$ 39,183        | \$ 47,851         | \$ 60,900         | \$ 69,715         | \$ 78,239         | \$ 79,142         | \$ 78,142         | \$ 80,220         |
| Restricted   | 3,613              | 8,413            | 17,114           | 23,353            | 17,334            | 12,082            | 10,528            | 15,288            | 5,387             | 12,953            |
| Unrestricted   | 26,596             | 31,352           | 37,700           | 32,712            | 30,589            | 31,322            | 31,111            | 30,830            | 43,448            | 40,275            |
| <b>Total primary government<br/>net assets</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> | <b>\$ 133,448</b> |

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

|  | <u>Fiscal Year</u> |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2003               | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             | 2012             |
| <b>Expenses</b>  |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Governmental activities:</b>                        |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government                                     | \$ 22,652          | \$ 22,805        | \$ 22,099        | \$ 24,302        | \$ 25,878        | \$ 23,408        | \$ 22,982        | \$ 21,652        | \$ 22,126        | \$ 23,479        |
| Public works   | 1,550              | 1,759            | 2,015            | 2,246            | 2,292            | 2,459            | 2,465            | 2,032            | 2,131            | 1,947            |
| Public safety  | 18,029             | 18,421           | 21,565           | 23,289           | 26,488           | 30,030           | 30,454           | 31,144           | 34,056           | 33,654           |
| Sanitation weed control                                | 231                | 297              | 333              | 538              | 577              | 324              | 787              | 446              | 429              | 301              |
| Health and welfare                                     | 2,095              | 2,614            | 2,940            | 2,912            | 2,660            | 3,312            | 2,966            | 4,929            | 4,020            | 4,549            |
| Culture and recreation                                 | 867                | 959              | 966              | 1,100            | 1,085            | 844              | 944              | 796              | 950              | 818              |
| Capital projects                                       | 28                 | 64               | 73               | 9                | 47               | 38               | -                | -                | -                | -                |
| Interest on long-term debt                             | 754                | 640              | 519              | 169              | 55               | 37               | 32               | 30               | -                | -                |
| <b>Total governmental activities expenses</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>60,630</b>    | <b>61,029</b>    | <b>63,712</b>    | <b>64,748</b>    |
| <b>Business-type activities:</b>                       |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Solid waste and landfill                               | 5,076              | 6,509            | 5,898            | 7,377            | 7,379            | 7,922            | 8,901            | 8,779            | 9,439            | 9,038            |
| <b>Total business-type activities expenses</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>9,038</b>     |
| <b>Total primary government expenses</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>\$ 69,531</b> | <b>\$ 69,808</b> | <b>\$ 73,151</b> | <b>\$ 73,786</b> |
| <b>Program Revenues</b>                                |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Governmental activities:</b>                        |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                                  |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General government                                     | \$ 8,627           | \$ 9,481         | \$ 11,154        | \$ 12,247        | \$ 12,679        | \$ 7,526         | \$ 6,976         | \$ 6,790         | \$ 6,747         | \$ 7,426         |
| Public safety  | 6,670              | 7,946            | 8,495            | 9,897            | 10,491           | 8,998            | 9,202            | 9,710            | 10,371           | 10,774           |
| Culture and recreation                                 | 474                | 518              | 536              | 476              | 656              | 429              | 484              | 411              | 451              | 469              |
| Other activities                                       | 61                 | 57               | 62               | 59               | 65               | 46               | 65               | 56               | 70               | 108              |
| Operating grants and contributions                     | 1,841              | 2,987            | 2,483            | 1,842            | 2,842            | 3,639            | 3,067            | 2,286            | 2,012            | 2,819            |
| Capital grants and contributions                       | 2,082              | 1,829            | 3,615            | 4,996            | 1,144            | 898              | 3,650            | 2,089            | 2,414            | 3,848            |
| <b>Total governmental activities program revenues</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>25,444</b>    |
| <b>Business-type activities:</b>                       |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Charges for services:                                  |                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Solid waste and landfill                               | 7,774              | 8,363            | 9,034            | 9,801            | 10,300           | 11,195           | 9,947            | 10,594           | 10,597           | 10,722           |
| Operating grants and contributions                     | 6                  | 7                | -                | -                | -                | -                | -                | -                | -                | -                |
| Capital grants and contributions                       | -                  | -                | -                | -                | -                | -                | -                | -                | -                | 170              |
| <b>Total business-type activities program revenues</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>9,947</b>     | <b>10,594</b>    | <b>10,597</b>    | <b>10,892</b>    |
| <b>Total primary government program revenues</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>\$ 33,391</b> | <b>\$ 31,936</b> | <b>\$ 32,662</b> | <b>\$ 36,336</b> |

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

|   | <u>Fiscal Year</u> |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | 2003               | 2004               | 2005               | 2006               | 2007               | 2008               | 2009               | 2010               | 2011               | 2012               |
| <b>Net (expense)/revenue</b>                            |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities                                 | \$ (26,451)        | \$ (24,741)        | \$ (24,165)        | \$ (25,048)        | \$ (31,205)        | \$ (38,915)        | \$ (37,184)        | \$ (39,687)        | \$ (41,647)        | \$ (39,304)        |
| Business-type activities                                | 2,704              | 1,861              | 3,136              | 2,424              | 2,921              | 3,273              | 1,046              | 1,815              | 1,158              | 1,854              |
| <b>Total primary government net (expense)/revenue</b>   | <b>\$ (23,747)</b> | <b>\$ (22,880)</b> | <b>\$ (21,029)</b> | <b>\$ (22,624)</b> | <b>\$ (28,284)</b> | <b>\$ (35,642)</b> | <b>\$ (36,138)</b> | <b>\$ (37,872)</b> | <b>\$ (40,489)</b> | <b>\$ (37,450)</b> |
| <b>General Revenues and other Changes in Net Assets</b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Governmental activities:</b>                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Taxes:  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Property taxes, levied for general purposes             | \$ 23,031          | \$ 27,675          | \$ 28,541          | \$ 26,922          | \$ 28,408          | \$ 35,421          | \$ 38,203          | \$ 41,574          | \$ 40,537          | \$ 42,015          |
| Sales and use taxes                                     | 14                 | 4,664              | 10,119             | 1,879              | -                  | -                  | -                  | -                  | -                  | -                  |
| Miscellaneous   | 672                | 1,150              | 965                | 1,037              | 1,392              | 1,620              | 3,545              | 784                | 927                | 927                |
| Interest and investment earnings                        | 417                | 335                | 756                | 1,475              | 1,917              | 1,747              | 499                | 434                | 240                | 401                |
| Gain (Loss) on sale of assets/property                  | -                  | -                  | -                  | -                  | -                  | (116)              | (40)               | (10)               | (41)               | (6)                |
| Transfers   | (770)              | (712)              | 519                | 519                | 519                | 556                | 521                | 521                | 816                | 526                |
| <b>Total governmental activities</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>42,728</b>      | <b>43,303</b>      | <b>42,479</b>      | <b>43,863</b>      |
| <b>Business-type activities:</b>                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Interest and investment earnings                        | 406                | 381                | 587                | 1,160              | 1,427              | 1,073              | 369                | 193                | 95                 | 234                |
| Miscellaneous   | 138                | 124                | 70                 | 70                 | 45                 | 143                | 120                | 263                | 431                | 346                |
| Gain (Loss) on sale of assets/property                  | -                  | -                  | 77                 | (1)                | -                  | 50                 | 59                 | 15                 | 17                 | 4                  |
| Transfers   | (419)              | (482)              | (519)              | (519)              | (519)              | (556)              | (377)              | (521)              | (816)              | (526)              |
| <b>Total business-type activities</b>                   | <b>125</b>         | <b>23</b>          | <b>215</b>         | <b>710</b>         | <b>953</b>         | <b>710</b>         | <b>171</b>         | <b>(50)</b>        | <b>(273)</b>       | <b>58</b>          |
| <b>Total primary government</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>\$ 42,899</b>   | <b>\$ 43,253</b>   | <b>\$ 42,206</b>   | <b>\$ 43,921</b>   |
| <b>Change in Net Assets</b>                             |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Governmental activities                                 | \$ (3,087)         | \$ 8,371           | \$ 16,735          | \$ 6,784           | \$ 1,031           | \$ 313             | \$ 5,544           | \$ 3,616           | \$ 832             | \$ 4,559           |
| Business-type activities                                | 2,829              | 1,884              | 3,351              | 3,134              | 3,874              | 3,983              | 1,217              | 1,765              | 885                | 1,912              |
| <b>Total primary government</b>                         | <b>\$ (258)</b>    | <b>\$ 10,255</b>   | <b>\$ 20,086</b>   | <b>\$ 9,918</b>    | <b>\$ 4,905</b>    | <b>\$ 4,296</b>    | <b>\$ 6,761</b>    | <b>\$ 5,381</b>    | <b>\$ 1,717</b>    | <b>\$ 6,471</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     |
|-------------|--------------|-------------------------------|-----------|
| 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    |
| 2012        | 42,015       | -                             | 42,015    |

<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     |                  |                  |                  |                  |                  |                  |                   |                   |                  |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|
|   | 2003            | 2004             | 2005             | 2006             | 2007             | 2008             | 2009             | 2010 <sup>a</sup> | 2011 <sup>b</sup> | 2012             |
| <b>General fund</b>                       |                 |                  |                  |                  |                  |                  |                  |                   |                   |                  |
| Nonspendable                              | \$ -            | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              | \$ 18             | 12               |
| Restricted                                | -               | -                | -                | -                | -                | -                | -                | -                 | 1,087             | 1,623            |
| Committed                                 | -               | -                | -                | -                | -                | -                | -                | -                 | 7,079             | 7,119            |
| Assigned                                  | -               | -                | -                | -                | -                | -                | -                | -                 | -                 | 526              |
| Unassigned                                | -               | -                | -                | -                | -                | -                | -                | -                 | 20,150            | 21,335           |
| Reserved                                  | 256             | 237              | 1,666            | 2,382            | 3,576            | 3,136            | 4,011            | 5,262             | -                 | -                |
| Unreserved                                | 8,004           | 9,855            | 13,833           | 18,443           | 20,207           | 21,549           | 21,759           | 22,687            | -                 | -                |
| <b>Total general fund</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>\$ 30,615</b> |
| <b>All other governmental funds</b>       |                 |                  |                  |                  |                  |                  |                  |                   |                   |                  |
| Nonspendable                              | \$ -            | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              | \$ 1              | \$ 27            |
| Restricted                                | -               | -                | -                | -                | -                | -                | -                | -                 | 2,499             | 2,555            |
| Committed                                 | -               | -                | -                | -                | -                | -                | -                | -                 | 1,322             | 880              |
| Assigned                                  | -               | -                | -                | -                | -                | -                | -                | -                 | -                 | -                |
| Reserved                                  | 109             | 4,239            | 11,741           | 4,083            | 62               | 120              | 72               | 1,476             | -                 | -                |
| Unreserved, reported in:                  |                 |                  |                  |                  |                  |                  |                  |                   |                   |                  |
| Special revenue funds                     | 385             | 1,002            | 1,239            | 1,504            | 2,954            | 2,716            | 3,318            | 2,290             | -                 | -                |
| Capital projects funds)                   | (183)           | (208)            | (193)            | (226)            | (224)            | (261)            | -                | -                 | -                 | -                |
| Jail tax payment fund                     | (171)           | -                | -                | -                | -                | -                | -                | -                 | -                 | -                |
| <b>Total all other governmental funds</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>   | <b>\$ 3,462</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> |                 |                  |                   |               |               |                 |                 |               |                 |
|--|--------------------|-----------------|------------------|-------------------|---------------|---------------|-----------------|-----------------|---------------|-----------------|
|  | 2003               | 2004            | 2005             | 2006              | 2007          | 2008          | 2009            | 2010            | 2011          | 2012            |
| <b>Revenues</b>  |                    |                 |                  |                   |               |               |                 |                 |               |                 |
| Taxes  | \$ 22,926          | \$ 32,335       | \$ 38,659        | \$ 28,786         | \$ 28,307     | \$ 35,484     | \$ 37,615       | \$ 41,267       | \$ 41,169     | \$ 42,406       |
| Licenses and permits   | 1,250              | 1,323           | 1,413            | 1,376             | 1,433         | 1,489         | 1,432           | 1,398           | 1,443         | 1,490           |
| Intergovernmental  | 9,182              | 10,916          | 12,693           | 14,420            | 11,485        | 11,265        | 13,889          | 12,121          | 12,128        | 14,545          |
| Interest   | 417                | 335             | 756              | 1,475             | 1,917         | 1,747         | 500             | 433             | 240           | 401             |
| Fines and forfeitures  | 1,026              | 989             | 1,000            | 1,057             | 1,297         | 1,305         | 1,356           | 1,364           | 1,276         | 1,278           |
| Charges for services   | 8,297              | 9,590           | 7,112            | 8,247             | 8,384         | 7,360         | 6,826           | 6,591           | 6,533         | 7,377           |
| Miscellaneous  | 583                | 935             | 965              | 1,037             | 2,026         | 1,638         | 3,527           | 1,302           | 1,600         | 1,659           |
| <b>Total revenues</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>69,156</b>   |
| <b>Expenditures</b>  |                    |                 |                  |                   |               |               |                 |                 |               |                 |
| General government   | 21,338             | 21,878          | 19,528           | 21,410            | 22,511        | 22,620        | 22,233          | 21,244          | 21,283        | 21,958          |
| Public works   | 602                | 586             | 612              | 642               | 680           | 711           | 746             | 754             | 737           | 725             |
| Public safety  | 17,058             | 17,115          | 18,877           | 20,414            | 22,391        | 29,073        | 29,115          | 29,676          | 32,096        | 32,117          |
| Sanitation weed control                                      | 223                | 291             | 283              | 490               | 550           | 293           | 778             | 445             | 418           | 290             |
| Health & welfare   | 2,092              | 2,609           | 2,713            | 2,665             | 2,598         | 3,305         | 2,979           | 4,927           | 4,021         | 4,539           |
| Culture and recreation                                       | 773                | 880             | 793              | 914               | 893           | 715           | 737             | 678             | 759           | 643             |
| Capital projects   | 28                 | 64              | 73               | 9                 | 47            | 9             | -               | -               | -             | -               |
| <b>Debt Service:</b>   |                    |                 |                  |                   |               |               |                 |                 |               |                 |
| Principal retirement   | 1,580              | 1,700           | 1,747            | 5,592             | 596           | 84            | 85              | 87              | 508           | -               |
| Interest expense   | 690                | 588             | 480              | 160               | 59            | 37            | 32              | 30              | 23            | -               |
| <b>Capital Outlay:</b>                                       |                    |                 |                  |                   |               |               |                 |                 |               |                 |
| Capital expenditures   | 1,595              | 943             | 926              | 2,047             | 3,688         | 2,254         | 2,938           | 2,836           | 2,760         | 2,618           |
| Construction in progress                                     | 1,305              | 2,563           | 4,337            | 4,681             | 975           | 1,068         | 4,141           | 1,790           | 2,202         | 4,893           |
| <b>Total expenditures</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>67,783</b>   |
| <b>Excess of revenues over (under) expenditures</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>1,373</b>    |
| <b>Other financing sources (uses)</b>                        |                    |                 |                  |                   |               |               |                 |                 |               |                 |
| Proceeds capital leases                                      | 21                 | 48              | -                | -                 | -             | -             | -               | -               | -             | -               |
| Proceeds on asset disposal                                   | 89                 | 224             | -                | -                 | -             | -             | -               | -               | -             | -               |
| Proceeds insurance   | 5                  | 8               | 13               | 7                 | 9             | 9             | 18              | 25              | 42            | 23              |
| Transfers in   | 6,524              | 4,954           | 4,930            | 11,433            | 9,837         | 5,114         | 5,472           | 3,876           | 1,885         | 2,992           |
| Transfers out  | (7,294)            | (5,666)         | (4,410)          | (10,914)          | (9,318)       | (4,557)       | (4,951)         | (3,355)         | (1,069)       | (2,466)         |
| <b>Total other financing sources (uses)</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>549</b>      |
| <b>Net change in fund balances</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> | <b>\$ 1,922</b> |
| <br>Debt service as a percentage of non-capital expenditures | 5.4%               | 5.3%            | 5.2%             | 12.4%             | 1.3%          | 0.2%          | 0.2%            | 0.2%            | 0.9%          | 0.0%            |

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

| Fiscal<br>Year | Property<br>Tax | Resort<br>Sales Tax <sup>1</sup> | Total     |
|----------------|-----------------|----------------------------------|-----------|
| 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    |
| 2012           | 42,406          | -                                | 42,406    |

<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 |   |
| 2002              | \$ 7,565,515,887   | \$ 1,122,803,745       | \$ 6,442,712,142  | \$ 413,723,396                | 6.86%      | 3.14                                      |
| 2003              | 7,994,404,661      | 1,168,732,560          | 6,825,672,101     | 382,959,959                   | 5.94%      | 3.65                                      |
| 2004              | 8,801,547,283      | 1,269,400,159          | 7,532,147,124     | 706,475,023                   | 10.35%     | 3.48                                      |
| 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                                      |
| 2011              | 14,849,948,100     | 2,692,289,417          | 12,157,658,683    | (828,986,968)                 | -6.38%     | 3.20                                      |

<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 2011 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 |        |        |        |      |      |      |                     |      |      |
|--|-------------|--------|--------|--------|------|------|------|---------------------|------|------|
|  | 2003        | 2004   | 2005   | 2006   | 2007 | 2008 | 2009 | 2010                | 2011 | 2012 |
| <b>County Direct Rates</b>               |             |        |        |        |      |      |      |                     |      |      |
| Current Expense                          | 0.97        | 1.01   | 0.87   | 0.52   | 0.51 | 0.56 | 0.65 | 0.75                | 0.76 | 0.87 |
| Liability Insurance                      | 0.10        | 0.09   | 0.06   | 0.04   | 0.03 | 0.03 | 0.04 | 0.04                | 0.05 | 0.01 |
| Airport Fund                             | 0.08        | 0.07   | 0.05   | 0.04   | 0.03 | 0.02 | 0.03 | 0.03                | 0.03 | 0.03 |
| Indigent Fund                            | 0.19        | 0.17   | 0.14   | 0.09   | 0.09 | 0.09 | 0.10 | 0.12                | 0.24 | 0.24 |
| District Court Fund                      | 0.02        | 0.03   | 0.05   | 0.06   | 0.05 | 0.05 | 0.05 | 0.05                | 0.04 | 0.04 |
| County Fair                              | 0.02        | 0.01   | 0.01   | 0.01   | 0.00 | 0.01 | 0.01 | 0.01                | 0.00 | 0.00 |
| Health District Fund                     | 0.08        | 0.07   | 0.05   | 0.04   | 0.04 | 0.04 | 0.04 | 0.05                | 0.05 | 0.06 |
| Noxious Weed Control                     | 0.03        | 0.03   | 0.03   | 0.02   | 0.02 | 0.02 | 0.01 | 0.02                | 0.02 | 0.03 |
| Parks Fund                               | 0.02        | 0.02   | 0.02   | 0.01   | 0.01 | 0.02 | 0.01 | 0.02                | 0.01 | 0.02 |
| Revaluation Fund                         | 0.25        | 0.25   | 0.19   | 0.14   | 0.11 | 0.13 | 0.14 | 0.16                | 0.17 | 0.20 |
| Justice Fund                             | 1.91        | 1.89   | 1.48   | 1.15   | 1.07 | 1.24 | 1.44 | 1.69                | 1.82 | 1.98 |
| Property Tax Relief                      | (0.01)      | (0.16) | (0.49) | (0.28) | 0.00 | 0.00 | 0.00 | 0.00                | 0.00 | 0.00 |
| County Direct Rate                       | 3.66        | 3.48   | 2.46   | 1.84   | 1.96 | 2.21 | 2.52 | 2.94                | 3.19 | 3.48 |
| <b>City Rates</b>                        |             |        |        |        |      |      |      |                     |      |      |
| Athol                                    | 3.93        | 3.60   | 3.07   | 2.50   | 2.09 | 2.40 | 2.77 | 2.96                | 3.51 | 3.57 |
| Coeur d'Alene                            | 5.70        | 5.56   | 5.10   | 4.21   | 3.99 | 4.51 | 4.92 | 5.76                | 6.28 | 6.77 |
| Dalton Gardens                           | 0.54        | 0.52   | 0.43   | 0.31   | 0.30 | 3.53 | 0.44 | 0.53                | 0.54 | 0.60 |
| Fernan                                   | 1.79        | 1.39   | 1.11   | 0.90   | 0.82 | 1.00 | 1.20 | 1.34                | 1.37 | 1.51 |
| Harrison                                 | 3.79        | 3.77   | 3.26   | 2.17   | 1.65 | 1.77 | 2.09 | 2.78                | 2.95 | 3.66 |
| Hauser Lake                              | 0.56        | 0.58   | 0.48   | 0.34   | 0.33 | 0.34 | 0.42 | 0.49                | 0.52 | 0.54 |
| Hayden                                   | 1.14        | 1.09   | 0.93   | 0.76   | 0.72 | 0.82 | 0.95 | 1.11                | 1.23 | 1.36 |
| Hayden Lake                              | 0.74        | 0.71   | 0.57   | 0.40   | 0.36 | 0.39 | 0.47 | 0.60                | 0.64 | 0.72 |
| Huetter                                  | 5.91        | 6.17   | 5.34   | 4.45   | 3.21 | 3.36 | 3.56 | 4.90                | 5.42 | 5.71 |
| Post Falls                               | 5.47        | 5.35   | 4.64   | 4.05   | 3.87 | 4.56 | 4.96 | 5.21                | 5.71 | 6.00 |
| Rathdrum                                 | 4.17        | 4.20   | 3.84   | 3.54   | 3.43 | 3.68 | 4.03 | 4.71                | 5.04 | 5.83 |
| Spirit Lake                              | 5.76        | 5.16   | 4.73   | 3.46   | 3.37 | 3.49 | 4.17 | 4.93                | 5.70 | 6.70 |
| Worley                                   | 2.83        | 2.90   | 2.41   | 1.81   | 1.95 | 2.47 | 3.11 | 3.06                | 4.07 | 4.61 |
| <b>School District Rates<sup>a</sup></b> |             |        |        |        |      |      |      |                     |      |      |
| Coeur d'Alene # 271                      | 6.51        | 6.29   | 5.23   | 1.12   | 1.14 | 1.17 | 1.11 | 1.50                | 2.17 | 2.32 |
| Lakeland Joint #272                      | 5.66        | 5.92   | 4.76   | 1.60   | 1.33 | 1.85 | 2.10 | 3.58                | 3.78 | 3.56 |
| Post Falls # 273                         | 6.43        | 6.28   | 5.61   | 2.23   | 2.08 | 2.29 | 2.36 | 2.58                | 2.83 | 3.15 |
| Kootenai # 274                           | 5.36        | 5.51   | 5.03   | 1.40   | 1.11 | 1.09 | 0.99 | 1.16                | 1.82 | 1.73 |
| Kellogg Joint #391                       | 7.76        | 8.61   | 7.48   | 4.45   | 3.64 | 5.08 | 6.12 | 6.17                | 6.62 | 6.26 |
| Plummer-Worley<br>Joint #44              | 3.36        | 3.36   | 2.67   | 0.04   | 0.05 | 0.06 | 0.06 | 1.44 <sup>(b)</sup> | 1.43 | 1.49 |
| <b>Highway District Rates</b>            |             |        |        |        |      |      |      |                     |      |      |
| Post Falls # 1                           | 0.58        | 0.57   | 0.47   | 0.36   | 0.31 | 0.31 | 0.38 | 0.45                | 0.49 | 0.68 |
| Lakes # 2                                | 0.84        | 0.78   | 0.59   | 0.45   | 0.42 | 0.47 | 0.55 | 0.67                | 0.72 | 0.79 |
| Eastside # 3                             | 0.63        | 0.61   | 0.48   | 0.33   | 0.52 | 0.56 | 0.40 | 0.49                | 0.56 | 0.64 |
| Worley # 4                               | 1.26        | 1.19   | 0.95   | 0.67   | 0.62 | 0.68 | 0.75 | 0.87                | 1.00 | 1.18 |

*continued*

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

|                                     | FISCAL YEAR |                     |                     |      |      |      |      |      |      |      |
|-------------------------------------|-------------|---------------------|---------------------|------|------|------|------|------|------|------|
|                                     | 2003        | 2004 <sup>(a)</sup> | 2005 <sup>(a)</sup> | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| <b>Fire District Rates</b>          |             |                     |                     |      |      |      |      |      |      |      |
| Eastside                            | 1.31        | 1.22                | 0.85                | 0.60 | 0.56 | 0.50 | 0.53 | 0.62 | 0.73 | 0.84 |
| Hauser Lake                         | 1.20        | 1.22                | 0.98                | 0.74 | 0.72 | 0.77 | 0.96 | 1.21 | 1.32 | 1.47 |
| Northern Lakes                      | 1.24        | 1.18                | 0.95                | 0.75 | 0.71 | 0.81 | 0.96 | 1.18 | 1.31 | 1.46 |
| KC Fire & Rescue                    | 2.13        | 2.06                | 1.72                | 1.34 | 1.27 | 1.40 | 1.66 | 1.86 | 1.99 | 1.98 |
| Mica Kidd Island                    | 0.78        | 0.72                | 0.55                | 0.34 | 0.33 | 0.36 | 0.40 | 0.48 | 0.56 | 0.64 |
| Shoshone County #2                  | 2.37        | 2.39                | 2.07                | 1.43 | 1.20 | 1.19 | 1.38 | 1.57 | 1.77 | 1.90 |
| Spirit Lake                         | 1.22        | 1.18                | 0.97                | 0.74 | 0.72 | 0.73 | 0.80 | 0.95 | 1.04 | 1.21 |
| St. Maries                          | 0.97        | 0.99                | 0.95                | 0.80 | 0.77 | 0.68 | 0.75 | 0.81 | 0.82 | 0.97 |
| Timberlake                          | 2.16        | 1.38                | 1.09                | 0.81 | 0.68 | 0.82 | 0.91 | 1.13 | 1.21 | 1.34 |
| Worley                              | 1.00        | 0.92                | 0.77                | 0.52 | 0.48 | 0.68 | 0.57 | 0.66 | 0.76 | 0.95 |
| <b>Water/Sewer District Rates</b>   |             |                     |                     |      |      |      |      |      |      |      |
| Cataldo Water                       | 0.38        | 0.69                | 0.58                | 0.44 | 0.38 | 0.37 | 0.42 | 0.44 | 0.48 | 0.53 |
| Cleland Bay Sewer                   | 0.51        | 0.48                | 0.43                | 0.24 | 0.23 | 0.25 | 0.26 | 0.29 | 0.31 | 0.40 |
| Hayden Lake Sewer                   | 0.07        | 0.07                | 0.05                | 0.03 | 0.03 | 0.03 | 0.04 | 0.05 | 0.05 | 0.06 |
| Kidd Island Bay Sewer               | 0.65        | 0.56                | 0.40                | 0.35 | 0.33 | 0.34 | 0.36 | 0.43 | 0.50 | 0.71 |
| Kingston-Cataldo Sewer              | 0.78        | 0.79                | 0.66                | 0.51 | 0.46 | 0.48 | 0.52 | 0.52 | 0.58 | 0.67 |
| Kootenai Water #1                   | 1.80        | 1.69                | 1.35                | 0.78 | 0.72 | 0.95 | 1.19 | 1.18 | 1.53 | 1.81 |
| <b>Other Special District Rates</b> |             |                     |                     |      |      |      |      |      |      |      |
| Kootenai                            |             |                     |                     |      |      |      |      |      |      |      |
| Consolidated Library                | 0.27        | 0.29                | 0.23                | 0.17 | 0.16 | 0.17 | 0.20 | 0.31 | 0.36 | 0.41 |
| KCEMSS                              | 0.33        | 0.16                | 0.14                | 0.10 | 0.10 | 0.10 | 0.13 | 0.15 | 0.16 | 0.17 |
| North Idaho College                 | 0.77        | 0.74                | 0.71                | 0.53 | 0.51 | 0.73 | 0.83 | 1.00 | 1.10 | 1.22 |
| Flood Control #17                   | 0.45        | 0.67                | 0.53                | 0.35 | 0.30 | 0.32 | 0.37 | 0.41 | 0.45 | 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 |
|----------|-------------|-------------|-------------|-------------|----------------|---------------------------|-----------------|
| 2003     | 0.003652017 | 0.042334497 | 0.003308564 | 0.035085212 | 0.014383529    | 0.004492494               | 0.114649547     |
| 2004     | 0.003482997 | 0.041000599 | 0.003139852 | 0.035959945 | 0.013253901    | 0.004276786               | 0.125660890     |
| 2005     | 0.002468453 | 0.035916892 | 0.002483670 | 0.030773805 | 0.010888023    | 0.003468993               | 0.105681388     |
| 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               | 0.120104954     |
| 2008     | 0.002208093 | 0.029136659 | 0.002024165 | 0.011535480 | 0.008002726    | 0.002419455               | 0.092794634     |
| 2009     | 0.002517338 | 0.033080036 | 0.002075446 | 0.012734394 | 0.008922918    | 0.002783615               | 0.117614258     |
| 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               | 0.138552530     |
| 2012     | 0.003478006 | 0.047635446 | 0.003310129 | 0.018549900 | 0.012811468    | 0.004212173               | 0.145968269     |

| Tax Year 2012                 | Cities      | Highways    | Schools     | Fire        | Water & Sewer | Other       |
|-------------------------------|-------------|-------------|-------------|-------------|---------------|-------------|
| Number of taxing districts    | 13          | 4           | 6           | 10          | 6             | 15          |
| Average tax rate per district | 0.003664265 | 0.000827532 | 0.003091650 | 0.001281147 | 0.000702029   | 0.009731218 |
| Minimum levy rate             | 0.000547513 | 0.000648909 | 0.001494498 | 0.000643989 | 0.000062779   | 0.000178560 |
| Maximum levy rate             | 0.006286228 | 0.001001429 | 0.006269409 | 0.001987343 | 0.001812278   | 0.017082597 |

Notes:

Tax rates are expressed per dollar of 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.

2012 Levy rates as of 9/30/12.

**KOOTENAI COUNTY, IDAHO**  
**Principal Property Taxpayers, Current Year and Ten Years Ago**  
**September 30, 2012**

| Taxpayer  | FY 2012 <sup>1</sup> |      | Percentage of<br>Net Taxes<br>Due | FY 2003              |      | Percentage of<br>Net Taxes<br>Due |
|---|----------------------|------|-----------------------------------|----------------------|------|-----------------------------------|
|   | Net Taxes<br>Due     | Rank |                                   | Net Taxes<br>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 timeframe necessary to accumulate the data for taxes due and payable, FY 2012 numbers are the same as the prior year. As of the date of this report, all Kootenai County tax rolls have not been finalized, therefore top taxpayers are reported based on total taxes due, as opposed to preliminary numbers for the current tax year.

For the historical data, an overall County average property tax percentage was applied.

Notes:

<sup>1</sup> Based on 2011 Net Taxes billed in FY 2012.

**KOOTENAI COUNTY, IDAHO**  
**County Property Tax Levy and Collections**  
**Last Ten Fiscal Years**

| Fiscal Year<br>Ended<br>Sept 30, | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections<br>in Subsequent<br>Years | Tax Collections to Date |                       |
|----------------------------------|--|---|-----------------------|---------------------------------------|-------------------------|-----------------------|
|                                  |  | Amount  | Percentage<br>of Levy |                                       | Amount                  | Percentage<br>of Levy |
| 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%                | 628,999                               | 26,205,365              | 99.91%                |
| 2006                             | 26,196,048                             | 25,549,355                                      | 97.53%                | 528,535                               | 26,077,890              | 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%                | 1,011,117                             | 32,519,911              | 98.33%                |
| 2009                             | 35,315,162                             | 34,007,744                                      | 96.30%                | 1,452,682                             | 35,315,162              | 100.00%               |
| 2010                             | 38,012,979                             | 37,660,552                                      | 99.07%                | 895,284                               | 38,012,979              | 100.00%               |
| 2011                             | 38,522,997                             | 38,101,479                                      | 98.91%                | 816,219                               | 38,522,997              | 100.00%               |
| 2012                             | 40,495,220                             | 39,328,484                                      | 97.12%                | 178,576                               | 39,507,060              | 97.56%                |

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<br>Ended<br>September 30, | Real<br>Property | Personal<br>Property | Operating<br>Property | Less:<br>Tax Exempt<br>Property | Total Taxable<br>Assessed<br>Value | Total Direct<br>Tax Rate<br><small>(per \$1,000 of assessed value)</small> |
|---------------------------------------|------------------|----------------------|-----------------------|---------------------------------|------------------------------------|--|
| 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                                  | 17,435,538       | 335,170              | 483,733               | 2,282,470                       | 15,961,971                         | 2.21   |
| 2009                                  | 15,960,248       | 453,011              | 481,025               | 2,181,798                       | 14,712,487                         | 2.52   |
| 2010                                  | 13,994,225       | 407,616              | 478,545               | 1,998,707                       | 12,881,679                         | 2.94   |
| 2011                                  | 13,010,643       | 338,341              | 448,973               | 1,785,737                       | 12,012,220                         | 3.19   |
| 2012                                  | 12,153,910       | 382,298              | 440,487               | 1,793,655                       | 11,183,040                         | 3.48   |

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 2012 Tax Year**

| <u>District</u>                       | <u>Foregone Amount</u> |
|---------------------------------------|------------------------|
| Kootenai County                       | \$ 5,779,235           |
| City of Athol                         | 15,157                 |
| City of Coeur d'Alene                 | 2,660,180              |
| City of Dalton Gardens                | 2,321                  |
| City of Fernan Lake                   | 9,537                  |
| City of Harrison                      | 2,396                  |
| City of Hauser Lake                   | 1,143                  |
| City of Hayden                        | 579                    |
| City of Hayden Lake                   | 3,987                  |
| City of Huetter                       | 1,840                  |
| City of Post Falls                    | 1,637,517              |
| City of Rathdrum                      | 179,664                |
| City of Spirit Lake                   | 19,430                 |
| KC Emergency Medical Services System  | 117,711                |
| East Side Fire                        | 110,753                |
| Kootenai County Fire & Rescue         | 726,960                |
| Mica Kidd Island Fire                 | 1,969                  |
| Northern Lakes Fire                   | 5,918                  |
| Twin Lakes-Rathdrum Flood Control #17 | 19,710                 |
| Lakes Highway # 2                     | 927,223                |
| Post Falls Highway # 1                | 378,849                |
| Worley Highway # 4                    | 12,384                 |
| North Idaho College                   | 386,017                |
| Cataldo Water                         | 273                    |
| Cleland Bay Sewer                     | 7                      |
| Hayden Lake Rec Water/Sewer           | 11,551                 |
| Kidd Island Bay Sewer                 | 99                     |
| Kootenai County Water #1              | 1,299                  |

Note: Foregone is defined as the amount of a previously allowable increase in the non-exempt property tax portion of the budget that was not taken. This amount is available for the district to add to the regular budget increase calculation and can be levied in subsequent years.

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

Legal Debt Margin Calculation For Fiscal Year 2012

|   |                          |
|---|--------------------------|
| Assessed Valuations:                          |                          |
| Assessed Value                                | \$ 12,353,264,799        |
| Add Back Homestead Exemptions                 | 2,459,392,651            |
| <b>Total Assessed Value</b>                   | <b>\$ 14,812,657,450</b> |
|   |                          |
| Legal Debt Margin                             |                          |
| Debt Limitation*: 2% of assessed market value | \$ 296,253,149           |
| Less: Debt applicable to limitation:          |                          |
| <b>Legal Debt Margin</b>                      | <b>\$ 296,253,149</b>    |

|  | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          |
| Debt Limit   | \$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 | \$296,253,149 |
| Total net debt applicable to limit                                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Legal debt margin  | \$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 | \$296,253,149 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |

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

Kootenai County Board of County Commissioners may issue negotiable coupon bonds for purposes of satisfying outstanding indebtedness.

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Direct and Overlapping Debt**  
**September 30, 2012**

| Number of Issues                               | Jurisdiction                               | Net Debt Outstanding | Earliest Issue Date (Month/Year) | Oldest Maturity Date (Month/Year) | Estimated Percentage Applicable <sup>(1)</sup> | Estimated Share of Overlapping Debt |
|--|--|----------------------|----------------------------------|-----------------------------------|--|-------------------------------------|
| <b>Direct Debt:</b>                            |  |                      |                                  |                                   |  |                                     |
| 0  | Kootenai County                            | \$ -                 | N/A                              | N/A                               | N/A  | \$ N/A                              |
| <b>Direct Debt</b>                             |  |                      |                                  |                                   |  |                                     |
| <b>Overlapping Debt:</b>                       |  |                      |                                  |                                   |  |                                     |
| 2  | City of Coeur d'Alene                      | 4,674,840            | Aug/06                           | Sep/25                            | 100.00%  | 4,674,840                           |
| 8  | City of Post Falls                         | 10,087,181           | Apr/93                           | Mar/27                            | 100.00%  | 10,087,181                          |
| 1  | City of Rathdrum                           | 369,123              | Jan/88                           | Mar/11                            | 100.00%  | 369,123                             |
| 1  | City of Spirit Lake                        | 596,107              | Aug/04                           | Feb/24                            | 100.00%  | 596,107                             |
| 4  | Lakeland SD #272                           | 15,340,000           | Dec/03                           | Aug/25                            | 99.48%   | 15,260,232                          |
| 2  | Post Falls SD #273                         | 12,950,000           | Feb/05                           | Aug/18                            | 100.00%  | 12,950,000                          |
| 1  | Kootenai Joint SD #274                     | 406,087              | Dec/02                           | Dec/12                            | 99.56%   | 404,300                             |
| 2  | Kellogg Joint SD #391                      | 10,395,000           | Oct/97                           | Sep/27                            | 14.33%   | 1,489,604                           |
| 1  | Plummer Worley #44 <sup>(2)</sup>          | 10,420,710           | Sep/10                           | Sep/30                            | 64.83%   | 6,755,746 <sup>(3)</sup>            |
| 8  | Lakes Highway District                     | 170,000              | Aug/10                           | Aug/20                            | 100.00%  | 170,000                             |
| 1  | St. Maries Fire District                   | 400,000              | Feb/12                           | Sept/27                           | 24.09%   | 96,360                              |
| 1  | Community Library Network                  | 2,695,000            | Oct/05                           | Aug/25                            | 97.40%   | 2,624,930                           |
| 1  | Bayview Water/Sewer District               | 963,921              | Nov/03                           | Nov/22                            | N/A  | N/A <sup>(4)</sup>                  |
| 2  | Greensferry Water/Sewer District           | 68,576               | Jul/88                           | Jun/18                            | 100.00%  | 68,576                              |
| 1  | Harbor View Estates Water & Sewer District | 187,435              | Aug/08                           | Aug/18                            | 100.00%  | 187,435                             |
| 1  | Hayden Lake Recreational Sewer District    | 2,085,000            | Apr/10                           | Apr/25                            | 100.00%  | 2,085,000                           |
| 1  | Kingston-Cataldo Sewer District            | 776,700              | Apr/12                           | Aug/41                            | 4.33%  | 33,631                              |
| 1  | North Kootenai Water District              | 7,190,000            | Nov/09                           | Sep/29                            | 100.00%  | 7,190,000                           |
| <b>Subtotal, Overlapping Debt</b>              |  | <u>79,775,680</u>    |                                  |                                   |  | <u>65,043,065</u>                   |
| <b>Total Overlapping &amp; Underlying Debt</b> |  | <u>\$79,775,680</u>  |                                  |                                   |  | <u>\$65,043,065</u>                 |

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

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kootenai County. This process recognizes that, when considering the county's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>(1)</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the County's boundaries and dividing it by each unit's total taxable assessed value.

<sup>(2)</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.

<sup>(3)</sup> This number is approximate because actual Net Debt Outstanding was not available from the State Department of Education. It was calculated by taking the original amount borrowed of \$11,349,435 and subtracting the amount collected year to date.

<sup>(4)</sup> Bayview Water and Sewer District is a non-levying district therefore there's no ability to calculate overlapping debt.

**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 |
| 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       | 141,132          | 1.9%                   | 1,584,985              | 1.1%                   |
| 2012       | N/A <sup>1</sup> | N/A                    | 1,595,728 <sup>1</sup> | 0.7%                   |

| 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 |  |   |
| 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 | 32,923                     | 33,326           | 98.8%                                 | 4,646,516                              | 9.8%  |
| 2012 | N/A <sup>2</sup>           | N/A <sup>2</sup> | N/A                                   | N/A <sup>2</sup>                       | 8.1% <sup>6</sup>                             |

| Year | School Enrollment <sup>(a) 3</sup> | Regular High School Diplomas <sup>(a) 4</sup> | Median Age      |                |      |
|------|------------------------------------|---|-----------------|----------------|------|
|      |                                    |   | Kootenai County | State of Idaho |      |
| 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 |
| 2012 | 22,645                             | 1,467   | 2011            | 39.0           | 35.0 |

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

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

<sup>(b)</sup> US Census Bureau

<sup>1</sup> Population estimates for the current year are not available at report date.

<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 Districts 44J, 271J, 274J, and 391J, which are joint districts and partially located in Kootenai County. Also included is Coeur d Alene Charter Academy.

<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 estimate US Census Bureau.

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

| Employer   | 2012                |      |                                       | 2003               |      |                                       |
|--|---------------------|------|---------------------------------------|--------------------|------|---------------------------------------|
|  | Range of Employees  | Rank | Percentage of Total County Employment | Range of Employees | Rank | Percentage of Total County Employment |
| Kootenai Health  | 2,000 - 2,999       | 1    | 3.65 - 5.47%                          | 1,500 - 1,999      | 1    | 3.26 - 3.65%                          |
| Coeur d'Alene School District                                  | 1,000 - 1,499       | 2    | 1.82 - 2.74%                          | 1,000 - 1,499      | 2    | 2.18 - 3.25%                          |
| Hagadone Hospitality Co.                                       | 1,000 - 1,499       | 3    | 1.82 - 2.74%                          | 1,000 - 1,499      | 3    | 2.18 - 3.25%                          |
| Coeur d'Alene Casino   | 900 - 999           | 4    | 1.64 - 1.81%                          | 500 - 599          | 8    | 1.10 - 1.30%                          |
| Silverwood Inc.  | 900 - 999           | 5    | 1.64 - 1.81%                          | -                  | -    | -                                     |
| Kootenai County  | 800 - 899           | 6    | 1.46 - 1.63%                          | 600 - 699          | 6    | 1.31 - 1.52%                          |
| Wal-Mart   | 800 - 899           | 7    | 1.46 - 1.63%                          | -                  | -    | -                                     |
| North Idaho College  | 700 - 799           | 8    | 1.28 - 1.45%                          | 800 - 899          | 4    | 1.74 - 1.96%                          |
| Post Falls School District                                     | 600 - 699           | 9    | 1.09 - 1.27%                          | 600 - 699          | 7    | 1.31 - 1.52%                          |
| Center Partners (CDA & Post Falls)                             | 500 - 599           | 10   | 0.91 - 1.08%                          | -                  | -    | -                                     |
| Epeolink   | -                   | -    | -                                     | 600 - 699          | 5    | 1.31 - 1.52%                          |
| Coldwater Creek Inc.   | -                   | -    | -                                     | 400 - 499          | 9    | 0.87 - 1.09%                          |
| Advanced Input Devices Inc.                                    | -                   | -    | -                                     | 300 - 399          | 10   | 0.65 - 0.86%                          |
| Average employment size of the 10 largest employers            | 1,400               |      |                                       | 770                |      |                                       |
| Kootenai County Non-Farm Payroll Employment Total <sup>1</sup> | 54,800 <sup>2</sup> |      |                                       | 45,900             |      |                                       |

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 | 2012     | 2011     | 2010     | 2009     | 2008     | 2007     | 2006     | 2005     | 2004     | 2003     |
|---|--------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <i>(1) Data as of June 30th</i>           |                    |          |          |          |          |          |          |          |          |          |          |
| Commercial Banks                          | 48                 | \$ 1,817 | \$ 1,740 | \$ 1,837 | \$ 1,749 | \$ 1,537 | \$ 1,611 | \$ 1,435 | \$ 1,302 | \$ 1,271 | \$ 1,002 |
| FDIC Savings Banks                        | -                  | -        | -        | -        | 63       | 76       | 83       | 137      | 170      | 142      | 127      |
| <b>Subtotal FDIC-Insured Institutions</b> | 48                 | 1,817    | 1,740    | 1,837    | 1,812    | 1,613    | 1,694    | 1,572    | 1,472    | 1,413    | 1,129    |
| <i>(2) Data as of December 31st</i>       |                    |          |          |          |          |          |          |          |          |          |          |
| Credit Unions                             | 1                  | 9        | 9        | 8        | 9        | 8        | 8        | 9        | 9        | 10       | 23       |
| <b>Total</b>                              | 49                 | \$ 1,826 | \$ 1,749 | \$ 1,845 | \$ 1,821 | \$ 1,621 | \$ 1,702 | \$ 1,581 | \$ 1,481 | \$ 1,423 | \$ 1,152 |

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**

|                               | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Function</b>               |              |              |              |              |              |              |              |              |              |              |
| <b>General Government</b>     |              |              |              |              |              |              |              |              |              |              |
| Assessor                      | 62.0         | 64.0         | 63.0         | 65.0         | 65.5         | 66.5         | 66.5         | 66.5         | 66.0         | 66.0         |
| Clerk                         | 68.5         | 69.0         | 70.0         | 72.2         | 75.2         | 76.3         | 75.5         | 75.5         | 75.5         | 77.5         |
| Commissioners                 | 97.0         | 97.0         | 98.2         | 98.2         | 106.0        | 106.0        | 106.0        | 107.3        | 105.9        | 100.4        |
| Prosecuting Attorney          | 32.1         | 35.1         | 37.1         | 37.1         | 35.6         | 36.6         | 36.5         | 35.5         | 35.5         | 36.5         |
| Sheriff                       | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          |
| Treasurer                     | 9.0          | 7.5          | 7.5          | 7.5          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| <b>Public Safety</b>          |              |              |              |              |              |              |              |              |              |              |
| Clerk                         | 13.5         | 13.0         | 13.0         | 21.0         | 30.4         | 30.4         | 31.0         | 34.0         | 34.0         | 34.0         |
| Commissioners                 | 63.1         | 63.6         | 67.9         | 68.6         | 67.8         | 70.0         | 76.9         | 77.1         | 78.1         | 69.1         |
| Coroner                       | 1.5          | 1.5          | 1.5          | 1.5          | 2.0          | 2.0          | 2.0          | 2.0          | 2.3          | 2.3          |
| Sheriff <sup>1</sup>          | 134.9        | 133.9        | 132.4        | 142.4        | 148.4        | 148.4        | 155.3        | 154.3        | 156.4        | 163.4        |
| Jail (Sheriff)                | 100.9        | 108.9        | 113.9        | 115.9        | 123.9        | 123.1        | 126.4        | 124.4        | 120.4        | 122.4        |
| <b>Culture and Recreation</b> |              |              |              |              |              |              |              |              |              |              |
| Commissioners                 | 8.6          | 7.5          | 6.0          | 7.0          | 7.0          | 7.5          | 7.5          | 7.5          | 7.5          | 7.5          |
| <b>Public Works</b>           |              |              |              |              |              |              |              |              |              |              |
| Commissioners                 | 7.0          | 7.0          | 7.1          | 7.1          | 7.6          | 7.6          | 7.6          | 7.6          | 7.6          | 7.6          |
| <b>Health and Welfare</b>     |              |              |              |              |              |              |              |              |              |              |
| Clerk                         | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 8.0          |
| <b>Sanitation</b>             |              |              |              |              |              |              |              |              |              |              |
| Commissioners                 | 3.0          | 2.0          | 2.0          | 2.0          | 2.6          | 3.6          | 3.6          | 3.6          | 2.6          | 1.6          |
| <b>Solid Waste</b>            |              |              |              |              |              |              |              |              |              |              |
| Commissioners                 | 37.0         | 39.0         | 44.0         | 45.0         | 48.0         | 69.0         | 70.3         | 64.3         | 61.0         | 59.0         |
| <b>Total</b>                  | <b>649.1</b> | <b>660.0</b> | <b>674.6</b> | <b>701.5</b> | <b>738.0</b> | <b>765.0</b> | <b>783.1</b> | <b>777.6</b> | <b>770.8</b> | <b>766.3</b> |

Source: Kootenai County Adopted Budget documents

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

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

| Function/Program                   | Fiscal Year |        |        |        |        |        |        |        |        |        |
|------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                    | 2003        | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   |
| <b>Police</b>                      |             |        |        |        |        |        |        |        |        |        |
| Physical arrests                   | 6,727       | 7,288  | 7,382  | 8,032  | 8,627  | 9,207  | 8,673  | 9,156  | 8,291  | 7,824  |
| <b>District Court Caseloads</b>    |             |        |        |        |        |        |        |        |        |        |
| Felonies                           | 825         | 928    | 1,003  | 981    | 930    | 1,925  | 1,836  | 2,028  | 1,957  | 920    |
| Misdemeanors                       | 8,370       | 8,492  | 7,540  | 8,770  | 12,672 | 12,308 | 11,801 | 11,195 | 10,217 | 7,077  |
| Infractions                        | 17,726      | 19,295 | 16,948 | 17,674 | 22,075 | 21,247 | 20,366 | 18,379 | 17,400 | 14,613 |
| <b>Refuse Collection</b>           |             |        |        |        |        |        |        |        |        |        |
| Landfilled refuse <sup>1</sup>     | 119         | 136    | 138    | 140    | 138    | 130    | 123    | 123    | 122    | 123    |
| Refuse collected <sup>1</sup>      | 150         | 168    | 182    | 195    | 191    | 183    | 157    | 150    | 144    | 142    |
| Recyclables collected <sup>1</sup> | 13          | 16     | 21     | 22     | 23     | 22     | 22     | 21     | 14     | 15     |
| <b>Parks and Waterways</b>         |             |        |        |        |        |        |        |        |        |        |
| Improved facilities                | 24          | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 24     | 24     |
| <b>Airport</b>                     |             |        |        |        |        |        |        |        |        |        |
| Hangars <sup>2</sup>               | 68          | 72     | 74     | 82     | 90     | 93     | 93     | 95     | 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        |
| 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    |
| 2012 | 136         | 37,992,115    | 21                      | 6,066,286    |

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>                | 2003             | 2004              | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              |
|--------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>General government:</b>     |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Land                           | \$ 1,894         | \$ 1,931          | \$ 1,931          | \$ 1,931          | \$ 2,327          | \$ 2,336          | \$ 3,023          | \$ 3,023          | \$ 3,232          | \$ 3,232          |
| Buildings                      | 14,663           | 14,454            | 14,454            | 14,489            | 15,365            | 13,944            | 16,317            | 16,567            | 18,210            | 18,316            |
| Improvements                   | -                | 3                 | 33                | 42                | 41                | 60                | 60                | 60                | 61                | 240               |
| Machinery and equipment        | 7,000            | 7,305             | 7,585             | 8,260             | 8,991             | 9,771             | 9,975             | 10,452            | 10,182            | 11,077            |
| <b>Public works:</b>           |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Land                           | 1,819            | 1,819             | 1,828             | 1,828             | 1,828             | 1,828             | 1,828             | 1,828             | 1,828             | 1,828             |
| Buildings                      | 502              | 502               | 562               | 562               | 562               | 562               | 562               | 562               | 562               | 562               |
| Improvements                   | 13,219           | 13,222            | 17,440            | 17,445            | 20,470            | 25,239            | 25,239            | 25,247            | 26,143            | 27,665            |
| Machinery and equipment        | 1,625            | 1,660             | 1,707             | 1,748             | 1,752             | 1,817             | 1,840             | 2,011             | 2,210             | 2,183             |
| <b>Public safety:</b>          |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Land                           | 65               | 65                | 65                | 107               | 107               | 107               | 107               | 107               | 107               | 107               |
| Buildings                      | 20,184           | 20,213            | 20,213            | 20,223            | 20,552            | 22,718            | 21,667            | 21,774            | 20,280            | 20,539            |
| Improvements                   | 13               | 13                | 22                | 37                | 44                | 51                | 51                | 51                | 99                | 5,008             |
| Machinery and equipment        | 5,954            | 6,108             | 6,313             | 7,112             | 8,680             | 8,704             | 8,879             | 10,076            | 10,062            | 12,024            |
| <b>Sanitation:</b>             |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Land                           | 986              | 1,275             | 1,275             | 1,275             | 1,294             | 1,294             | 1,294             | 1,658             | 1,658             | 1,782             |
| Buildings                      | 183              | 572               | 572               | 572               | 572               | 632               | 632               | 632               | 613               | 7,166             |
| Improvements                   | 18,720           | 19,826            | 20,435            | 20,644            | 20,911            | 20,911            | 34,147            | 34,233            | 39,755            | 33,747            |
| Machinery and equipment        | 6,215            | 6,535             | 6,855             | 7,330             | 8,075             | 9,179             | 9,521             | 10,518            | 10,475            | 10,895            |
| <b>Health &amp; welfare:</b>   |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Machinery and equipment        | 35               | 35                | 32                | 30                | 31                | 29                | 32                | 21                | 16                | 10                |
| <b>Culture and recreation:</b> |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Land                           | 250              | 249               | 249               | 249               | 249               | 249               | 249               | 249               | 249               | 249               |
| Buildings                      | 228              | 239               | 239               | 251               | 239               | 272               | 351               | 371               | 358               | 358               |
| Improvements                   | 136              | 585               | 591               | 611               | 1,201             | 1,201             | 1,201             | 1,201             | 1,206             | 1,858             |
| Machinery and equipment        | 993              | 1,044             | 1,029             | 1,198             | 477               | 517               | 542               | 608               | 1,612             | 1,569             |
| <b>Capital projects:</b>       |                  |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Construction in progress       | 1,588            | 3,684             | 3,157             | 7,641             | 5,789             | 11,872            | 9,484             | 12,205            | 9,168             | 6,027             |
| <b>Total Capital Assets</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> | <b>\$ 166,442</b> |

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**

| <b>Function</b>                 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------------|------|------|------|------|------|------|------|------|------|------|
| Public safety:                  |      |      |      |      |      |      |      |      |      |      |
| Kootenai County Sheriff         |      |      |      |      |      |      |      |      |      |      |
| Sheriff Office                  | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Patrol Units                    | 57   | 58   | 58   | 58   | 58   | 56   | 58   | 62   | 71   | 76   |
| Public Safety Buildings         | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| Sanitation:                     |      |      |      |      |      |      |      |      |      |      |
| Ramsey Transfer Station         |      |      |      |      |      |      |      |      |      |      |
| Trash Rolloff Bins              | 20   | 34   | 34   | 37   | 36   | 36   | 21   | 21   | 21   | 21   |
| Loaders                         | 3    | 3    | 3    | 3    | 3    | 5    | 3    | 4    | 4    | 4    |
| Tractor Trucks                  | 6    | 6    | 5    | 6    | 6    | 6    | 3    | 3    | 3    | 3    |
| Transfer Trailers               | 18   | 20   | 21   | 25   | 31   | 34   | 25   | 29   | 26   | 26   |
| Prairie Transfer Station        |      |      |      |      |      |      |      |      |      |      |
| Trash Rolloff Bins              | -    | -    | -    | -    | -    | -    | 15   | 15   | 15   | 15   |
| Loaders                         | -    | -    | -    | -    | -    | -    | 2    | 2    | 2    | 2    |
| Tractor Trucks                  | -    | -    | -    | -    | -    | -    | 3    | 3    | 3    | 3    |
| Transfer Trailers               | -    | -    | -    | -    | -    | -    | 8    | 8    | 8    | 8    |
| Fighting Creek Landfill         |      |      |      |      |      |      |      |      |      |      |
| Heavy Machinery & Equipment     | 8    | 8    | 9    | 9    | 13   | 17   | 18   | 20   | 23   | 24   |
| Culture and Recreation:         |      |      |      |      |      |      |      |      |      |      |
| Waterways/<br>Park & Recreation |      |      |      |      |      |      |      |      |      |      |
| Pumpouts                        | 10   | 10   | 10   | 10   | 10   | 9    | 9    | 9    | 9    | 9    |
| Vault Toilets                   |      |      |      |      |      |      |      |      |      |      |
| Wood                            | 7    | 7    | 7    | 7    | 7    | 7    | 7    | 7    | 7    | 7    |
| Concrete                        | 3    | 3    | 3    | 4    | 3    | 3    | 6    | 7    | 7    | 8    |

Sources: Various County Departments

# SINGLE AUDIT SECTION

## Sun Up Bay Restroom





# AUDITOR'S SECTION

## **Dock Construction**

*(Built at Parks & Waterways maintenance shop)*





**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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 15, 2013. Our report includes a reference to 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. Other auditors audited the financial statements of the County's discretely presented component units - North Idaho Fair & Rodeo as of and for the year ended December 31, 2011 and Kootenai County Emergency Medical Services System as of and for the year ended September 30, 2012 - as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

*Internal Control Over Financial Reporting*

Management of the County is responsible for establishing and maintaining effective 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 deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses in internal control over financial reporting, 2012-01 and 2012-02.

### *Compliance and Other Matters*

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

We also noted certain other matters that we reported to management of Kootenai County, Idaho in a separate letter dated March 15, 2013.

The County's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, Board of County Commissioners, others within the County, 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 15, 2013

**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, Idaho'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 the County's major federal programs for the year ended September 30, 2012. 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the 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, 2012.

*Internal Control Over Compliance*

Management of the 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 the 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 the 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 and was not designed to identify all deficiencies in internal control over compliance that might be 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 County Commissioners, others within the County, 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 15, 2013

KOOTENAI COUNTY, IDAHO

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2012

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

81.041

Renewable Energy Enterprise Program

20.106

Airport Improvement Program

16.710

Community Oriented Policing Services

20.507

Federal Transit Administration

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, 2012

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

*Finding 2012-01*

*Criteria* - The County's internal controls over the treasury and 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 Writs, Garnishments, Real Property Cash bank account, and the Inmate Trust account is not recorded in the County's General Ledger on a timely basis, nor are all the accounts' transactions recorded. The Sheriff's account was originally opened to address insignificant and immaterial transactions of the department. However, the volume of the Sheriff's transactions and the amount of cash passing through the account 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 therefore could potentially 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 and/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, 2012

*Finding 2012-01*

*Criteria* - The County's internal controls over the recording of payables occurring in September 2012 are to be designed and operated in a manner to strengthen its ability to record, process, summarize, and report financial data that is consistent with management's financial statement assertions.

*Condition* - The County has a policy in place for the departments to notify the Auditor's office to submit supporting information for any expenditures relating to the current September 30 year-end by a specific date to ensure the correct accrual is made for each fund and to ensure the CAFR reflects the appropriate expenses during the year. One material invoice relating to a project that was still in process at the airport as of September 30 was missed during these procedures.

*Effect* - Such procedures did not permit the internal Auditor's office to catch all open contracts with potential September expenses prior to closing the accruals for the September 30 year-end which resulted in a material misstatement of account balances on the financial statements and the schedule of federal awards prior to the internal auditor adjustments.

*Cause* - The Auditor's office did not verify all open contract expenses were not submitted and the departments did not notify the Auditor's office of these transactions in the required time frame.

*Recommendation* - We recommend that the Auditor's office identify a person to contact the department heads who are in charge of projects at the September 30 year-end to ensure there are no invoices expected to be received for work incurred prior to September 30. Adding this step to the procedures currently in place would lower the risk of incorrect financial statement reporting due to an omitted expenditure occurring in the future.

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

There were no findings required to be reported relating to federal awards for the fiscal year ended September 30, 2012.



# Auditees' Section

## Completed Docks





**KOOTENAI COUNTY, IDAHO  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2012**

| <b>FEDERAL GRANTOR</b><br>Pass Through Grantor<br>Program Title               | Federal<br>CFDA<br>Number | Pass-Through<br>Identifying<br>Number | Award<br>amount | 2011-2012<br>expenditures |
|---|---------------------------|---------------------------------------|-----------------|---------------------------|
| <b>Child Nutrition Cluster</b>  |                           |                                       |                 |                           |
| <b>U. S. DEPARTMENT of AGRICULTURE</b>  |                           |                                       |                 |                           |
| Passed through Idaho State Superintendent of Public Instruction:              |                           |                                       |                 |                           |
| School Breakfast Program  | 10.553                    | 2012IN109947                          | variable        | \$ 24,418                 |
| ARRA National School Lunch Program  | 10.555                    | 2012IN109947                          | variable        | 37,589                    |
| <b>Total Child Nutrition Cluster</b>  |                           |                                       |                 | <b>\$ 62,007</b>          |
| <b>JAG Program Cluster</b>  |                           |                                       |                 |                           |
| <b>U.S. DEPARTMENT OF JUSTICE</b>   |                           |                                       |                 |                           |
| Passed Through Idaho State Police   |                           |                                       |                 |                           |
| 2010 - Byrne Justice Assistance Grant, SCRAM Program                          | 16.738                    | 10 BJAGSP                             | \$ 50,000       | \$ 19,315                 |
| Passed through City of Coeur d'Alene, Kootenai County – Subgrantee            |                           |                                       |                 |                           |
| 2010 Byrne Justice Assistance Grant   | 16.738                    | 2010-DJ-BX-0477                       | 33,454          | 5,236                     |
| 2011 Byrne Justice Assistance Grant   | 16.738                    | 2011-DJ-BX-2255                       | 29,392          | 27,944                    |
| <b>Total JAG Program Cluster</b>  |                           |                                       |                 | <b>\$ 52,495</b>          |
| <b>Highway Planning Construction Cluster</b>                                  |                           |                                       |                 |                           |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>                                      |                           |                                       |                 |                           |
| Passed through State of Idaho Department of Parks & Recreation                |                           |                                       |                 |                           |
| National Recreational Trail FY2012-Centennial Trail                           | 20.219                    | RTP 2011 (001)                        | \$ 117,500      | \$ 117,500                |
| Passed through Idaho Department of Transportation                             |                           |                                       |                 |                           |
| Traffic Enforcement Mobilization FY2012                                       | 20.205                    | A010(660)                             | variable        | 2,736                     |
| State & Community Hwy Safety Program Alive @ 25                               | 20.205                    | V099470 (H912)-A009(935)              | 6,000           | 4,206                     |
| <b>Total Highway Planning Construction Cluster</b>                            |                           |                                       |                 | <b>\$ 124,442</b>         |
| <b>Highway Safety Cluster</b>   |                           |                                       |                 |                           |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>                                      |                           |                                       |                 |                           |
| Passed through Idaho Department of Transportation                             |                           |                                       |                 |                           |
| ARRA Federal Aid Highway Program Alive @ 25                                   | 20.600                    | SPT1121-PT-2012-01-00-00              | \$ 6,000        | \$ 2,005                  |
| Traffic Enforcement Mobilization FY2012                                       | 20.600                    | PT-2012-01-00-00                      | variable        | 11,782                    |
| Traffic Enforcement Mobilization FY2012                                       | 20.601                    | K8-2012-01-00-00                      | variable        | 1,533                     |
| <b>Total Highway Safety Cluster</b>   |                           |                                       |                 | <b>\$ 15,320</b>          |
| <b>Other Programs</b>   |                           |                                       |                 |                           |
| <b>U. S. DEPARTMENT of AGRICULTURE</b>  |                           |                                       |                 |                           |
| Passed through Idaho Department of Lands                                      |                           |                                       |                 |                           |
| Wildland Urban Interface Western State Grant                                  | 10.664                    | HFT #11SAFP 04                        | \$ 165,000      | \$ 9,625                  |
|   |                           |                                       |                 | 9,625                     |
| <b>U.S. DEPARTMENT of ENERGY</b>  |                           |                                       |                 |                           |
| Passed through Idaho Office of Energy Resources                               |                           |                                       |                 |                           |
| ARRA Renewable Energy Enterprise Program                                      | 81.041                    | CON0095                               | 205,000         | 170,058                   |
|   |                           |                                       |                 | 170,058                   |
| <b>U. S. DEPARTMENT of INTERIOR</b>   |                           |                                       |                 |                           |
| Passed through Bureau of Land Management                                      |                           |                                       |                 |                           |
| Wildland Urban Interface Fire Cooperative Agreement Community at Risk Program | 15.228                    | L08AC13956                            | 49,000          | 14,678                    |
| Passed through Idaho State Historical Society                                 |                           |                                       |                 |                           |
| Certified Local Government Program  | 15.912                    | 16-11-31919                           | 3,000           | (2,250)                   |
|   |                           |                                       |                 | 12,428                    |

**KOOTENAI COUNTY, IDAHO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2012**

| <u>FEDERAL GRANTOR</u><br>Pass Through Grantor<br>Program Title | Federal<br>CFDA<br>Number | Pass-Through<br>Identifying<br>Number  | Award<br>amount | 2011-2012<br>expenditures |
|---|---------------------------|--|-----------------|---------------------------|
| <b>U.S. DEPARTMENT OF JUSTICE</b>                               |                           |  |                 |                           |
| Passed through Idaho Department of Juvenile Corrections:        |                           |  |                 |                           |
| BARJ Juvenile Accountability Block Grant                        | 16.540                    | 08-JJ11-02   | \$ 10,000       | \$ 7,198                  |
| JABG Juvenile Accountability Block Grant                        | 16.523                    | 10-JA11-03   | 30,943          | 1,563                     |
| JABG Juvenile Accountability Block Grant                        | 16.523                    | 09-JA11-03   | 29,936          | 17,919                    |
| Passed through Idaho Department of Health and Welfare:          |                           |  |                 |                           |
| Domestic Violence/Victim Grant                                  | 16.575                    | VC015000   | 25,000          | 5,689                     |
| Domestic Violence/Victim Grant                                  | 16.575                    | VC012300   | 25,000          | 14,986                    |
| Direct Programs:  |                           |  |                 |                           |
| Community Oriented Policing Services 2010 CHP Grant             | 16.710                    | 2010UMWX0102   | 562,563         | 183,673                   |
| Community Oriented Policing Services 2011 CSPP Grant            | 16.710                    | 2011CSWX0011   | 494,410         | 231,865                   |
|   |                           |  |                 | 462,893                   |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>                        |                           |  |                 |                           |
| Direct Programs:  |                           |  |                 |                           |
| Airport Improvement Program                                     | 20.106                    | 3-16-0010-029, 3-16-0010-032,<br>3-16-0010-034, 3-16-0010-035,<br>3-16-0010-036, 3-16-0010-037 | 5,392,313       | 3,572,870                 |
| FTA Section 5307 Small Urbanized Area Grant                     | 20.507                    | ID-90-X111   | 1,007,934       | 27,987                    |
| FTA Section 5307 Small Urbanized Area Grant                     | 20.507                    | ID-90-X118   | 1,060,261       | 844,334                   |
|   |                           |  |                 | 4,445,191                 |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                     |                           |  |                 |                           |
| Passed through State of Idaho Military Division:                |                           |  |                 |                           |
| Emergency Management Performance Grant 2010 Amendment           | 97.042                    | EMS-2010-EP-EO-0056  | 8,138           | 8,138                     |
| Emergency Management Performance Grant 2011                     | 97.042                    | EMW-2011-EP-00082  | 84,433          | 84,433                    |
| Emergency Management Performance Grant 2012                     | 97.042                    | EMW-2012-EP-00065  | 87,912          | 65,000                    |
| Homeland Security - Training                                    | 97.067                    | 2010-SS-T0-0088  | 10,000          | 518                       |
| Homeland Security - Training                                    | 97.067                    | 2009-SS-T9-0014  | 11,915          | 4,932                     |
| Homeland Security - Information Sharing                         | 97.067                    | 2009-SS-T9-0014  | 13,090          | 13,090                    |
| Homeland Security - Citizens Corp                               | 97.067                    | 2010-SS-T0-0088  | 10,849          | 3,776                     |
| Homeland Security - Citizens Corp                               | 97.067                    | 2009-SS-T9-0014  | 12,713          | 12,454                    |
| Homeland Security - Emergency Planning                          | 97.067                    | 2009-SS-T9-0014  | 197             | 197                       |
| Homeland Security - NIM/NRP                                     | 97.067                    | 2009-SS-T9-0014  | 573             | 573                       |
| Homeland Security - Equipment                                   | 97.067                    | 2009-SS-T9-0014  | 163,223         | 6,704                     |
| Homeland Security - Equipment                                   | 97.067                    | 2010-SS-T0-0088  | 303,017         | 4,399                     |
| Homeland Security - Equipment                                   | 97.067                    | 2011-EMW-2011-SS-00018   | 202,242         | 112,513                   |
| Homeland Security - GIS Equipment                               | 97.067                    | 2009-SS-T9-0014  | 25,000          | 25,000                    |
| Homeland Security - Exercise                                    | 97.067                    | 2009-SS-T9-0014  | 1,925           | 1,925                     |
| Homeland Security - Exercise                                    | 97.067                    | 2010-SS-T0-0088  | 3,000           | 15                        |
| Homeland Security - Community Preparedness                      | 97.067                    | 2009-SS-T9-0014  | 40,680          | 17,240                    |
| Passed through State Department of Parks & Rec                  |                           |  |                 |                           |
| Boater Safety Financial Assistance                              | 97.012                    | RBS formula Grant 14.01.16   | 65,011          | 65,011                    |
|   |                           |  |                 | 425,918                   |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                     |                           |  |                 | <b>\$ 5,780,377</b>       |

See accompanying Independent Auditors' Report

KOOTENAI COUNTY, IDAHO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2012

**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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

**KOOTENAI COUNTY, IDAHO**  
**Corrective Action Plan**  
**Year Ended September 30, 2012**

**Person Responsible for Corrective Action:**

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

*Finding #2012-01*

**Corrective Action Plan:**

This has been a challenging issue to resolve as witnessed by the fact that the finding is being repeated again this year. When controls need to cross elected official boundaries in the county, implementing appropriate internal controls has to be a collaborative and cooperative process. We are continuing to work with the Board of County Commissioners, Sheriff and the Treasurer on these issues and are hopeful that we will agree upon and be implementing the needed controls over the course of the coming fiscal year.

*Finding #2012-01*

**Corrective Action Plan:**

We agree with the recommendation offered by our auditors and are implementing a set of year end controls that will assure that all open projects are evaluated and any outstanding invoices are duly submitted and recorded in the County's financial records. The managers for all open projects will be contacted before year end to confirm all projects that have ongoing activity and provide specific instruction to contact their contractor for an invoice covering services provided through the end of September. This procedure will eliminate the possibility of significant invoices being omitted from the financial records of the County and any corresponding supporting grants.

KOOTENAI COUNTY, IDAHO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 2012

Findings from the Year Ended September 30, 2012

Finding 2011-01

**Material Weakness**

*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, and 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's accounts were originally opened to address insignificant and immaterial transactions of those departments. However, the volume of the Sheriff's transactions and the amount of cash passing through these accounts has become material.

*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 and/or received a couple of times a year to verify the department is following the internal control procedures.

*Current Status* - The County has closed the Sheriff Donation bank accounts and all transactions are running through the normal County procedures. The other County accounts included in this finding are still open as of the September 30, 2012 year-end and will be included in the material weakness finding 2012-01.

