NEZ PERCE COUNTY, STATE OF IDAHO

FINANCIAL STATEMENTS

Year Ended September 30, 2022

NEZ PERCE COUNTY, STATE OF IDAHO

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Nez Perce County, State of Idaho
Lewiston, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nez Perce County, State of Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nez Perce County, State of Idaho, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nez Perce County, State of Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nez Perce County, State of Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nez Perce County, State of Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nez Perce County, State of Idaho's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension funding, and budgetary comparison information on pages 6 through 12 and 42 through 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nez Perce County, State of Idaho's basic financial statements. The supplementary information, as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Summarized Comparative Information

We have previously audited Nez Perce County, State of Idaho's 2021 and 2020 financial statements, and we expressed unmodified audit opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our reports dated May 25, 2022, and July 12, 2021. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2023, on our consideration of Nez Perce County, State of Idaho'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nez Perce County, State of Idaho's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Nez Perce County, State of Idaho's internal control over financial reporting and compliance.

Presnell Gage, PLLC

May 31, 2023

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2022.

USING THIS ANNUAL REPORT

This annual report consists of four distinct series of financial statements: The County-wide financial statements, the fund financial statements, the fiduciary financial statements, and supplementary information.

- The statement of net position and the statement of activities (on pages 13 through 15) provide information about the activities of the County as a whole and present a longer-term view of the County's finances.

- The fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements (on pages 16 to 19) also report the County's operations in more detail than the County-wide statements by providing information about the County's most significant funds.

- The fiduciary funds (pages 20 and 21) provide information about activities for which the County acts solely as a trustee or agent for the benefit of other governmental districts, County employees, and as an agent of the District Court.

- The remaining statements and schedules provide information about individual funds within the County and the results of their operations compared to budget.

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the County's finances is: "Is the County as a whole better off or worse off as a result of the year's activities"? The statement of net position and the statement of activities report information about the County as a whole and about its activities in a way that may help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in them. You can think of the County's net position—the difference between assets and the liabilities—as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and population to assess the overall health of the County.

Financial Highlights

- The County's net position amounted to $85,904,136 at year-end. This includes $60,158,346 in capital assets, net of related debt.

- The County's net position increased by $2,048,715 as a result of this year's operations (compared to an increase of $6,505,080 in 2021 and an increase of $5,159,399 in 2020).

The Statement of Net Position and the Statement of Activities (Continued)

Following is an overview of the County's statements of net position:

	2022	2021	Change
Current/other assets	$ 38,979,493	$ 36,093,472	
Capital assets (net)	60,599,565	58,831,195	
Total assets	$ 99,579,058	$ 94,924,667	$ 4,654,391
Deferred outflows of resources	$ 6,915,316	$ 3,861,000	$ 3,054,316
Current liabilities	5,946,307	5,085,338	
Noncurrent liabilities	14,586,021	1,243,908	
Total liabilities	$ 20,532,328	$ 6,329,246	$ 14,203,082
Deferred inflows of resources	$ 57,910	$ 8,601,000	$ (8,543,090)
Net position			
Invested in capital assets	60,158,346	58,831,195	
Unrestricted	25,745,790	25,024,226	
Net position	$ 85,904,136	$ 83,855,421	$ 2,048,715

The total cost of County operations amounted to $41,344,298 of which $4,477,037 was generated from charges for services, and $12,868,450 was generated from program revenues. General revenues amounted to $26,047,526.

Revenues are generally derived from the following sources:

	2022	2021	Change
Program Revenues			
Charges for services	$ 4,477,037	$ 3,645,374	
E-911 telephone line charges	704,266	699,250	
Highway user's revenue	2,342,219	2,397,387	
Other grants	9,821,965	5,137,142	
Total program revenues	$ 17,345,487	$ 11,879,153	$ 5,466,334
General Revenues			
Property taxes	$ 20,170,260	$ 19,105,852	
State of Idaho sales tax	3,812,000	3,442,333	
State liquor and tobacco taxes	869,324	834,556	
Investment earnings	178,173	72,257	
Other	1,017,769	582,293	
Total general revenues	$ 26,047,526	$ 24,037,291	$ 2,010,235

The Statement of Net Position and the Statement of Activities (Continued)

- Some of the significant changes in expenses for 2022 were:
    - Road department purchased an excavator, tractor, dump box, and a plow truck.
    - Ad Valorem purchased a vehicle.
    - Sheriff's department purchased and fully equipped one patrol vehicle.
    - The Road department has worked on the Gun Club Corridor, Webb Road, South Tom Beall Slide, and Cherry Lane Bridge during fiscal year 2022.
    - Addition to Juvenile Detention to accommodate moving Juvenile and Adult Probation with expenses for fiscal year 2022 in the amount of $700,249. The project was completed in fiscal year 2022 with a total cost of $1,720,444.
    - Construction for the Courthouse Project began with expenses for fiscal year 2022 in the amount of $2,372,768.
    - ARPA funds were used on the following during fiscal year 2022:
        - United Airlines - $1,750,000
        - LC Valley Adult Resource Center - $20,000
        - Lakeside Residential Care Inc. - $8,288
        - Richard Cuddihy - $80,000
        - Magyar Rauch & Associates - $80,000
        - McFarland Law Offices LLC - $80,000
        - Nolta Law Office - $80,000
        - Visit Lewis Clark Valley - $2,250,000
            - Total: $4,348,288

The Statement of Net Position and the Statement of Activities (Continued)

A table of the expenses by each function compared to the prior year follows:

	Functional Expenses		Increase
	2022	2021	(Decrease)
GENERAL GOVERNMENT			
GENERAL SERVICES			
General government	$ 1,108,525	$ 1,106,431	$ 2,094
Treasurer/tax collector	333,175	291,568	41,607
Assessor	655,938	558,464	97,474
Elections	313,571	227,776	85,795
Information services	1,123,165	935,682	187,483
Payroll burden and insurance	1,228,332	1,164,304	64,028
LICENSING AND PUBLIC SERVICES			
Auditor/recorder	479,049	481,500	(2,451)
Motor vehicle licenses	638,150	607,662	30,488
Planning and building	193,521	213,586	(20,065)
LEGAL SYSTEM			
District and drug court	1,616,319	1,410,359	205,960
Prosecuting attorney	1,571,360	1,475,682	95,678
PUBLIC SAFETY			
E-911	823,997	679,765	144,232
Coroner	175,028	172,719	2,309
Fire	16,326	9,946	6,380
Emergency services	129,707	398,252	(268,545)
Sheriff	3,165,422	2,792,662	372,760
Public defender	1,272,710	1,242,831	29,879
County jail	3,787,161	3,745,825	41,336
Detention and probation programs	1,506,036	1,236,493	269,543
Payroll burden and insurance	3,207,592	2,756,041	451,551
PUBLIC WORKS			
Transportation-roads, bridges, airport	7,192,678	5,403,283	1,789,395
Noxious weeds	67,274	51,156	16,118
HEALTH AND WELFARE			
Solid waste	985,402	914,642	70,760
Charity/indigent assistance	6,333,311	1,652,403	4,680,908
North Idaho Health District	433,959	314,749	119,210
Junior College Tuition	7,750	11,400	(3,650)
CULTURE AND RECREATION			
Recreation - boat, snowmobile, and fair	1,176,954	1,149,634	27,320
County agent	155,627	152,549	3,078
PERSI RETIREMENT ACTUARIAL CHANGES	1,646,259	(1,746,000)	3,392,259
	$ 41,344,298	$ 29,411,364	$ 11,932,934

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds—not the County as a whole. Some funds are required to be established by state law. However, the County establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds—All of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation after the fund financial statements.

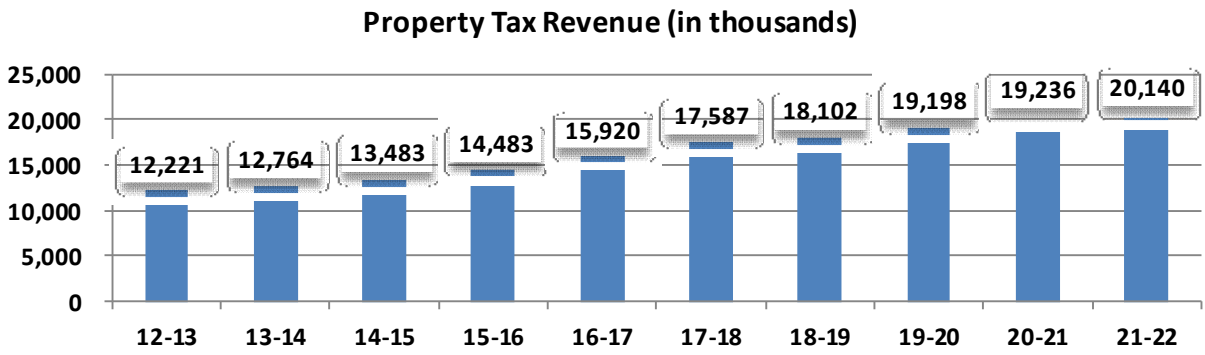
Fiduciary funds—The County is the fiduciary for licenses and fines collected for the State of Idaho and for property taxes and intergovernmental revenue collected for other taxing districts. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position on page 20. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Highlights

The governmental fund balances of the County increased by $2,261,012 (compared to an increase of $3,560,438 in 2021 and an increase of $3,256,381 in 2020). Fund balances are the part of net position that can be used to finance day-to-day operations. The increase is partially due to saving for the future Courthouse and the Pandemic.

Approximately 48 percent of total County revenue is provided by the property taxes, which are based upon property valuations and requested tax levies, which are subject to budget hearings. This is down from 55 percent in 2021.

Property tax revenue for recent years (on the modified accrual basis of accounting) was:



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the County had $60,599,565 net of accumulated depreciation invested in capital assets, including buildings, bridges, roads, and major equipment. This amount represents a net increase of $1,768,370. Current year capital outlay of $4,978,806 was more than depreciation of $2,920,786. Capital outlay in 2021 totaled $3,972,443. More detailed information about the County's capital assets is presented in Notes 1 and 6 to the financial statements.

The largest portion of the County's net position represents its investment in County roads and bridges. Capitalized road costs amount to $140,945,211, or $11,305,653 net of accumulated depreciation. The County uses these capital assets for the benefit of its citizens; consequently, these assets are not available for future spending.

The County jointly owns with the City of Lewiston the Lewiston-Nez Perce County Regional Airport, which is managed by the Lewiston Nez Perce County Airport Authority. The County's 50 percent share of the capital assets of the airport is recorded on the County's financial statements. The County uses the modified approach to account for airport infrastructure assets and cost basis for all other infrastructure. The target condition level for airport infrastructure is 60. The most current reported condition level was 80.

Long-Term Debt. The County currently has two long-term debts outstanding for the purchase of two road graders in the amount of $441,219. The County paid $36,896 in principal in 2022.

Net Pension Liability. The County recognized a net pension liability of $12,974,665 for its share of PERSI's net pension liability. PERSI is one of the strongest retirement systems in the nation, with funding at 83 percent of the pension obligation. The County recognized deferred outflows of $6,915,316 and deferred inflows of $57,910 for the County's share of earnings in excess of the minimum expectation by PERSI and for payments made towards the net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected officials considered many factors when setting the fiscal year 2023 budget, tax rates, and fees that will be charged. For fiscal year 2023, the County anticipates a 0 percent increase in property taxes. The County has seen continued increases in the amount of new construction from fiscal year 2018 through fiscal year 2022.

2022	$ 32,245,273
2021	26,175,650
2020	30,543,779 + $37,643,926 for the closing of URA, Area #3
2019	26,619,650
2018	41,109,823

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office at 208-799-3020 in Lewiston, Idaho.

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NEZ PERCE COUNTY, STATE OF IDAHO

STATEMENT OF NET POSITION
September 30, 2022

	Governmental Activities	Prior Year 2021	Prior Year 2020
ASSETS			
Current assets			
Cash	$ 6,263,230	$ 8,076,804	$ 3,648,506
Investments	29,654,337	24,943,879	22,119,704
Property taxes receivable	887,594	691,979	824,581
Intergovernmental receivable	1,996,407	1,907,291	1,955,510
Other receivables	177,925	204,519	186,964
Total current assets	38,979,493	35,824,472	28,735,265
Noncurrent assets			
Net pension asset		269,000	
Capital assets	223,123,213	218,788,549	214,870,050
Less accumulated depreciation	(162,523,648)	(159,957,354)	(157,400,227)
Total noncurrent assets	60,599,565	59,100,195	57,469,823
Total assets	99,579,058	94,924,667	86,205,088
DEFERRED OUTFLOWS OF RESOURCES			
Defined benefit pension	6,915,316	3,861,000	2,043,000
LIABILITIES			
Current liabilities			
Warrants payable	2,407,704	1,155,079	1,418,675
Accounts payable	11,407	4,042	7,828
Accrued expenses	468	1,827	6,397
Unearned revenue	3,502,487	3,924,390	
Current portion of long term debt	24,241		
Total current liabilities	5,946,307	5,085,338	1,432,900
Noncurrent liabilities			
Net pension liability	12,974,665		7,999,000
Compensated absences	1,194,378	1,243,908	1,204,847
Long term debt	416,978		
Total noncurrent liabilities	14,586,021	1,243,908	9,203,847
Total liabilities	20,532,328	6,329,246	10,636,747
DEFERRED INFLOWS OF RESOURCES			
Defined benefit pension	57,910	8,601,000	261,000
NET POSITION			
Invested in capital assets, net of related debt	60,158,346	58,831,195	57,469,823
Unrestricted	25,745,790	25,024,226	19,880,518
Total net position	$ 85,904,136	$ 83,855,421	$ 77,350,341

See accompanying notes

NEZ PERCE COUNTY, STATE OF IDAHO

STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Prior Year 2021	Prior Year 2020
GENERAL GOVERNMENT						
GENERAL SERVICES						
General government	$ 1,108,525	$ 141,664	$ 4,396,293	$ 3,429,432	$ (475,274)	$ (765,566)
Treasurer/tax collector	333,175			(333,175)	(291,568)	(308,752)
Assessor	655,938	2,347		(653,591)	(556,786)	(537,212)
Elections	313,571		191,894	(121,677)	(18,765)	(135,585)
Information services	1,123,165			(1,123,165)	(935,682)	(998,418)
Payroll burden and insurance	1,228,332			(1,228,332)	(1,164,304)	(1,154,189)
LICENSING AND PUBLIC SERVICES						
Auditor/recorder	479,049	235,516		(243,533)	(213,832)	(227,114)
Motor vehicle licenses	638,150	385,924		(252,226)	(216,004)	(205,847)
Planning and building	193,521	316,445	5,000	127,924	155,653	29,712
LEGAL SYSTEM						
District and drug court	1,616,319	386,120	30,321	(1,199,878)	(1,040,023)	(1,042,047)
Prosecuting attorney	1,571,360	113,000	54,513	(1,403,847)	(965,952)	(1,168,941)
PUBLIC SAFETY						
E-911	823,997		969,851	145,854	19,485	(18,377)
Coroner	175,028			(175,028)	(172,719)	(122,607)
Fire	16,326			(16,326)	(9,946)	(5,340)
Emergency services	129,707		127,592	(2,115)	(105,074)	(132,755)
Sheriff	3,165,422	488,719	30,316	(2,646,387)	(2,536,685)	(2,518,397)
Public defender	1,272,710			(1,272,710)	(1,242,831)	(1,206,596)
County jail	3,787,161	878,906		(2,908,255)	(3,123,478)	(2,438,505)
Detention and probation programs	1,506,036	183,093	180,605	(1,142,338)	(833,107)	(1,772,916)
Payroll burden and insurance	3,207,592			(3,207,592)	(2,756,041)	(2,646,447)
PUBLIC WORKS						
Transportation-roads, bridges, airport	7,192,678		6,619,763	(572,915)	50,938	2,076,119
Noxious weeds	67,274		40,000	(27,274)	(11,156)	(9,638)
Balance forward	30,605,036	3,131,734	12,646,148	(14,827,154)	(16,443,151)	(15,309,418)

See accompanying notes

NEZ PERCE COUNTY, STATE OF IDAHO

STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Prior year 2021	Prior year 2020
Balance forward	$ 30,605,036	$ 3,131,734	$ 12,646,148	$ (14,827,154)	$ (16,443,151)	$ (15,309,418)
HEALTH AND WELFARE						
Solid waste	985,402	967,919		(17,483)	(38,413)	(81,420)
Charity/indigent assistance	6,333,311		80,020	(6,253,291)	(1,490,921)	(716,868)
North Idaho Health District	433,959			(433,959)	(314,749)	(317,087)
Junior College Tuition	7,750		15,000	7,250	58,733	3,600
CULTURE AND RECREATION						
Recreation - boat, snowmobile, and fair	1,176,954	377,188	115,100	(684,666)	(915,975)	(902,563)
County agent	155,627	196	12,182	(143,249)	(133,735)	(137,967)
PERSI RETIREMENT ACTUARIAL CHANGES	1,646,259			(1,646,259)	1,746,000	(1,357,000)
Total governmental activities	$ 41,344,298	$ 4,477,037	$ 12,868,450	(23,998,811)	(17,532,211)	(18,818,723)
General revenues:						
Property taxes, levied for general purposes				20,170,260	19,105,852	18,930,585
State sales tax not restricted to specific programs				3,812,000	3,442,333	2,943,642
State liquor and tobacco taxes				869,324	834,556	673,288
Other state and federal funding not restricted to specific programs				235,251	218,401	190,455
Interest and investment earnings				178,173	72,257	359,408
Other				782,518	363,892	880,744
				26,047,526	24,037,291	23,978,122
Change in net position				2,048,715	6,505,080	5,159,399
Net position, beginning				83,855,421	77,350,341	72,190,942
Net position, ending				$ 85,904,136	$ 83,855,421	$ 77,350,341

See accompanying notes

NEZ PERCE COUNTY, STATE OF IDAHO

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2022

	General	General Road	Federal and State Matching	Justice	Capital Project	Other Governmental Funds	Total Governmental Funds	Prior Year 2021	Prior Year 2020
ASSETS									
Cash and investments	$ 7,748,841	$ 4,473,869	$ 3,804,390	$ 4,426,803	$ 6,580,418	$ 8,883,246	$ 35,917,567	$ 33,020,683	$ 25,768,210
Property taxes receivable	129,847	16,238	1,069	97,182		643,258	887,594	691,979	824,581
Intergovernmental receivable	35,640	844,757		1,080,421		35,589	1,996,407	1,907,291	1,955,510
Other receivables						177,925	177,925	204,519	186,964
Total assets	$ 7,914,328	$ 5,334,864	$ 3,805,459	$ 5,604,406	$ 6,580,418	$ 9,740,018	$ 38,979,493	$ 35,824,472	$ 28,735,265
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Warrants payable	$ 1,351,244	$ 334,662	$ 2,000	$ 354,894		$ 364,904	$ 2,407,704	$ 1,155,079	$ 1,418,675
Claims payable						11,407	11,407	4,042	7,828
Accrued expenses						468	468	1,827	6,397
Total liabilities	1,351,244	334,662	2,000	354,894	$ 0	376,779	2,419,579	1,160,948	1,432,900
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	3,632,333	16,239	1,068	97,183		544,165	4,290,988	4,655,610	854,889
Total deferred inflows of resources	3,632,333	16,239	1,068	97,183	0	544,165	4,290,988	4,655,610	854,889
FUND BALANCES									
Assigned for accounting accruals	35,640	844,757		1,080,421		93,514	2,054,332	1,991,810	2,022,474
Assigned for bridge construction			3,802,391				3,802,391	3,991,898	3,764,720
Assigned for E-911 wireless						1,392,650	1,392,650	1,170,041	1,185,199
Assigned for mandated appraisals						300,000	300,000	300,000	300,000
Assigned for juvenile detention							0	1,500,000	1,500,000
Assigned for justice				339,000			339,000		
Assigned for indigent						1,042,763	1,042,763	1,180,374	1,893,822
Assigned for fairgrounds						10,014	10,014	37,304	330,000
Assigned for solid waste						531,000	531,000	531,000	531,000
Assigned for courthouse	2,500,000					249,485	2,749,485	2,738,393	225,295
Assigned for airport						389,865	389,865	305,043	232,672
Assigned for special revenue		4,139,206		3,732,908	6,580,418	4,809,783	19,262,315	16,119,734	12,798,524
Unassigned, reported in:									
General funds	395,111						395,111	142,317	1,663,770
Total fund balances	2,930,751	4,983,963	3,802,391	5,152,329	6,580,418	8,819,074	32,268,926	30,007,914	26,447,476
Total liabilities and fund balances	$ 7,914,328	$ 5,334,864	$ 3,805,459	$ 5,604,406	$ 6,580,418	$ 9,740,018	$ 38,979,493	$ 35,824,472	$ 28,735,265

See accompanying notes

NEZ PERCE COUNTY, STATE OF IDAHO

RECONCILIATION OF THE STATEMENT OF NET POSITION
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2022

	2022	Prior year 2021	Prior year 2020
Total fund balances - Governmental Funds	$ 32,268,926	$ 30,007,914	$ 26,447,476
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:			
Cost of capital assets	223,123,213	218,788,549	214,870,050
Accumulated depreciation	(162,523,648)	(159,957,354)	(157,400,227)
Deferred outflows and deferred inflows for pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Deferred outflows	6,915,316	3,861,000	2,043,000
Deferred inflows	(57,910)	(8,601,000)	(261,000)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Long-term debt payable	(441,219)		
Compensated absences to employees	(1,194,378)	(1,243,908)	(1,204,847)
Net pension (liability) asset	(12,974,665)	269,000	(7,999,000)
Property taxes receivable to be collected this year; but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the future.	668,501	611,220	734,889
Other accounts receivable to be collected; but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds:			
Indigent notes receivable	120,000	120,000	120,000
Total net position - Governmental Activities	$ 85,904,136	$ 83,855,421	$ 77,350,341

See accompanying notes

NEZ PERCE COUNTY, STATE OF IDAHO

STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended September 30, 2022

	General	General Road	Federal and State Matching	Justice	Capital Project	Other Governmental Funds	Total Governmental Funds	Prior year 2021	Prior year 2020
REVENUES									
Property taxes	$ 7,543,669	$ 638,531	$ 71,553	$ 6,033,322		$ 5,852,546	$ 20,139,621	$ 19,235,626	$ 19,197,924
Licenses and permits	526,466	6,550		300,164		96,835	930,015	919,159	782,897
Intergovernmental revenue	3,195,941	3,149,332	11	4,435,288		3,157,423	13,937,995	9,674,289	9,056,300
Charges for services	319,526	1,653,499		1,326,173		2,209,447	5,508,645	3,921,485	3,813,211
Interest and rent	79,862			97,609		93,691	271,162	120,245	444,851
Fines and penalties				37,892		298,412	336,304	290,039	300,878
Other revenue	131,237	65,179	33,689	80,444	$ 19,139	302,852	632,540	640,332	687,183
Total revenues	11,796,701	5,513,091	105,253	12,310,892	19,139	12,011,206	41,756,282	34,801,175	34,283,244
EXPENDITURES									
General government	11,351,409			2,473,801		1,459,233	15,284,443	10,008,927	8,625,521
Public safety	301,410			9,048,783		4,791,490	14,141,683	13,602,941	12,588,968
Public works		5,139,839	295,536			1,815,683	7,251,058	4,781,021	6,377,188
Health and welfare						1,840,594	1,840,594	1,608,496	1,845,237
Culture and recreation						1,279,551	1,279,551	1,102,305	1,456,027
Debt service		36,896					36,896		
Other	139,160						139,160	137,047	133,922
Total expenditures	11,791,979	5,176,735	295,536	11,522,584	0	11,186,551	39,973,385	31,240,737	31,026,863
EXCESS OF REVENUES OVER EXPENDITURES	4,722	336,356	(190,283)	788,308	19,139	824,655	1,782,897	3,560,438	3,256,381
OTHER FINANCING SOURCES (USES)									
Proceeds from long term debt		478,115					478,115		
Transfers in					1,250,000	6,000	1,256,000	1,756,000	2,256,000
Transfers out	(1,250,000)					(6,000)	(1,256,000)	(1,756,000)	(2,256,000)
Total other financing sources (uses)	(1,250,000)	478,115	0	0	1,250,000	0	478,115	0	0
NET CHANGE IN FUND BALANCES	(1,245,278)	814,471	(190,283)	788,308	1,269,139	824,655	2,261,012	3,560,438	3,256,381
FUND BALANCES AT BEGINNING OF YEAR	4,176,029	4,169,492	3,992,674	4,364,021	5,311,279	7,994,419	30,007,914	26,447,476	23,191,095
FUND BALANCES AT END OF YEAR	$ 2,930,751	$ 4,983,963	$ 3,802,391	$ 5,152,329	$ 6,580,418	$ 8,819,074	$ 32,268,926	$ 30,007,914	$ 26,447,476

NEZ PERCE COUNTY, STATE OF IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

	2022	Prior Year 2021	Prior Year 2020
Net change in fund balances - Governmental Funds	$ 2,261,012	$ 3,560,438	$ 3,256,381
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays used to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation:			
Current year capital outlay	4,978,806	3,972,443	6,082,870
Current year depreciation	(2,920,786)	(2,606,276)	(2,430,142)
Loss on disposal of non-fully depreciated capital assets	(289,650)	(4,795)	
Amounts borrowed on long-term debt are reported in the governmental funds as other financing sources. Amounts repaid on long-term debt are reported in the governmental funds as expenditures. However, for governmental activities, the borrowing and repayment of funds is reflected as outstanding long-term debt:			
Borrowed under long term debt	(478,115)		
Current year repayment of long-term debt	36,896		
Current year compensated absences	(1,194,378)	(1,243,908)	(1,204,847)
Prior year compensated absences	1,243,908	1,204,847	1,082,052
Net pension liability and the related deferred outflows and deferred inflows are not considered available for the governmental funds in the current year.			
Current year net pension liability, deferred outflows, and deferred inflows	(1,646,259)	1,746,000	(1,357,000)
Some amounts receivable will not be collected for several months after the fiscal year-ends, and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities:			
Current year taxes receivable	668,501	611,220	734,889
County services reimbursements receivable	120,000	120,000	120,000
Prior year taxes receivable	(611,220)	(734,889)	(1,004,804)
Prior year County services reimbursements receivable	(120,000)	(120,000)	(120,000)
Change in net position - Governmental Activities	$ 2,048,715	$ 6,505,080	$ 5,159,399

See accompanying notes

NEZ PERCE COUNTY, STATE OF IDAHO

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2022

	Private-Purpose Trusts	Custodial Funds
ASSETS		
Current assets		
Cash and investments	$ 26,362	$ 5,019,097
Property taxes receivable		821,477
Intergovernmental receivable		68,483
Other receivables		3,400,000
Total current assets	$ 26,362	$ 9,309,057
LIABILITIES		
Current liabilities		
Warrants payable	$ 3,142	$ 732,807
Claims payable	16,872	
Held in trust for other governments		4,105,895
Held in trust for employees	6,348	
Held in trust for individuals		4,470,355
Total current liabilities	$ 26,362	$ 9,309,057

See accompanying notes

NEZ PERCE COUNTY, STATE OF IDAHO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
Year Ended September 30, 2022

	Private-Purpose Trusts	Custodial Funds
ADDITIONS		
Employee deductions	$ 128,138	
Property taxes		$ 50,633,023
Licenses and permits		3,299,643
Intergovernmental revenue		5,351,886
Charges for services		100,717
Fines and penalties		929,904
Other receipts		3,315,492
Total additions	128,138	63,630,665
DEDUCTIONS		
Allocated to beneficiaries	128,138	63,630,665
Total deductions	128,138	63,630,665
Change in net position	0	0
Net position at beginning of year	0	0
NET POSITION AT END OF YEAR	$ 0	$ 0

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. Nez Perce County was formed February 4, 1864, by an Act of Congress of the United States. The County operates under a commissioner form of government, with supervision of various departments by elected officials. Nez Perce County provides the following services: public safety, sanitation, health and welfare, road and bridges, planning and zoning, and tax assessment and collection.

Component Units. The County has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the County, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the County (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval of assets, etc.).

In conformity with GAAP, the financial statements of the Nez Perce County Fair Board (Fair Board) have been included in these financial statements as a blended component unit of Nez Perce County. Blended component units, although legally separate entities, are, in substance, part of the County's operations. These financial statements include the activity for the Fair Board for the year ended December 31, 2021.

The Fair Board is governed by a seven-member board appointed by the Nez Perce County Commissioners. The Fair Board is responsible for conducting the County Fair on behalf of Nez Perce County. For financial statement purposes, the Fair Board is reported as a special revenue fund of Nez Perce County. Complete financial statements for the Fair Board may be obtained at the Fair Board's administrative office: 1229 Burrell, Lewiston, Idaho 83501.

Joint Venture. The County operates the Lewiston-Nez Perce County Airport as a joint venture with the City of Lewiston. Capital improvements and the excess of operating expenses over revenue are funded 50-50 between the two entities. The operations of the airport are included in the Airport Authority’s financial statements. The revenues generated for the airport as the County's share of expenditures are included in these financial statements as a special revenue fund. The County’s share of the Airport’s capital assets are included in the County-wide statements.

Measurement Focus and Basis of Accounting. The accounting policies of Nez Perce County conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales tax, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales tax, grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued).

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if they are collected within 30 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes, sales tax, grants, entitlements, and interest revenue are considered susceptible to accrual.

The County reports unavailable revenue in its fund financial statements. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unavailable revenue is removed from the balance sheet and revenue is recognized.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of restricted net position/fund balances when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the county commissioners.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Resources (Continued).

Assigned Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

County-wide Statements. The County-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The statement of net position and the statement of activities display information about the overall County except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the County since there are no "business-type activities" within the County. Governmental 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.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the County's governmental activities. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Program Revenue
The statement of activities reflects all restricted grants as program revenue, as well as the County allocation of administrative receipts from patrons for fees, licenses, solid waste, and driver's licenses.

Fund Financial Statements. The fund financial statements provide information about the County's funds including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental Funds The County reports the following major governmental funds:

- General Fund. This is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued).

Governmental Funds (Continued)

- General Road. The "general road fund" is responsible for the construction and maintenance of County roads within the unincorporated areas of the County. The County Commissioners serve as the Highway District Commissioners. This fund is one of two highway districts in the County. The second highway district is a separate taxing district not included in these financial statements.

- Federal and State Matching. The "federal and state matching fund" may levy a special tax levy to be used for bridge maintenance and construction; or matching state and federal highway funds; or secondary highway construction, maintenance and improvements; or maintenance during an emergency.

- Justice. The "justice fund" provides funding for the operations of the offices of the clerk of the district court; the County sheriff's department; the prosecuting attorney; and operations of the County jail.

- Capital Project. The "capital project fund" is used to account for the accumulated funds available for future capital projects.

Fiduciary Funds The County reports two types of fiduciary funds: Private purpose trusts and custodial funds.

The private purpose trusts are used to account for trusts where the contributions and earnings will benefit County employees. These revenues are not available to finance County operations. All private purpose trusts are accounted for using the economic resources measurement focus and the accrual basis of accounting.

The custodial funds are used to account for monies collected and held on behalf of the State of Idaho, other taxing districts and amounts held by County departments for individuals in fulfilling their public duties. Custodial funds are accounted for using the economic resources measurement focus and the accrual basis of accounting.

Use of Estimates. The County uses estimates and assumptions in preparing financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that the County uses.

Reclassifications. Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments. Cash and investments include amounts in demand deposits, certificates of deposit, U.S. Treasury bills, the State of Idaho Local Government Investment Pool, and investments in a cash management account under a repurchase agreement with the bank.

Statutes authorize the County to invest in obligations of the State of Idaho and its agencies, U.S. Treasury and U.S. agencies, local improvement district bonds, repurchase agreements, and tax and revenue anticipation bonds and notes.

Deposits in the State Treasurer's Local Government Investment Pool are stated at cost, which approximates market. The state treasurer combines deposits from all governmental entities in the state, which participate in the pool, and purchases the following types of investments:

Local Certificates of Deposit
Repurchase Agreements
U.S. Government Securities

The entities participating in the pool own a percentage of each investment held. This percentage is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to:

Increase the overall rate of return.
Reduce the risk of default.
Place each entity under the FDIC and SLIC limits of $250,000.

Investments held at year-end are disclosed in Note 3.

Inventories. The costs of governmental fund inventories are recorded as expenditures when purchased rather than when consumed. The balance of governmental fund inventories is considered immaterial at year-end.

Capital Assets. Capital assets are long-lived assets of the County as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The County records all capital assets at their original cost. Assets acquired prior to 2003 are recorded at their estimated original cost.

The County capitalizes equipment with an original unit cost of $5,000 or more and an expected life of more than 3 years. The County capitalizes property improvements with an original cost of $10,000 or more that is expected to extend the property life by 10 years or more. Equipment with an original unit cost of between $500 and $5,000 is not capitalized for depreciation purposes, but is recorded for inventory tracking purposes only.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: roads and bridges – 30 to 50 years; buildings - 30 years; vehicles - 7 years; machinery and equipment - 10 years; computer equipment - 3 years.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued). The County adopted the above capital asset policies retroactively in 2003 along with the adoption of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. These financial statements do not include the retroactive infrastructure reporting for land parcels owned by the County.

In accordance with GASB No. 34, the County has reported all capital assets including infrastructure in the county-wide statement of net position. The County elected to use the "Modified Approach" as defined by GASB No. 34 for reporting its airport infrastructure. As a result, no accumulated depreciation or depreciation expense has been recorded for the airport infrastructure. A more detailed discussion of the "Modified Approach" is presented in the required supplementary information section of this report.

Property Taxes. The County levies property taxes for the County and all taxing districts within the County in November and the taxes are payable on December 20 and June 20 following the levy date. The taxes are distributed to taxing districts in the month following collection. The taxes are delinquent and a lien is filed the day following the due dates. A tax deed is issued on property three years from the date of delinquency.

Budgets. Annual appropriated budgets are adopted for all Governmental Funds other than the County Fair Board. Non-appropriated annual budgets are adopted for the County Fair Board. All appropriations, other than appropriations for uncompleted improvements in progress of construction, lapse at the end of the fiscal year.

Encumbrances. The County does not incorporate encumbrances as an extension of the formal budgetary accounting system. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Pensions. For purposes of measuring the net pension liability, asset, and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERSI. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences. Accumulated vacation leave, sick leave, and compensatory time are reported as liabilities of the County. Upon termination, an employee is reimbursed for accumulated vacation days up to a maximum of 240 hours and accumulated compensatory time in full. Only employees with an excess of five years of County employment are reimbursed for sick leave, limited to a maximum payout of 240 hours (accumulation of up to 800 hours paid at 30 percent) times the employee's current regular pay rate.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources. The County reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. Deferred outflows of resources reported in this year's government-wide financial statements include amounts related to the County's participation in PERSI as outlined in Note 13 – Defined Benefit Pension Plan. No deferred outflows of resources affect the fund financial statements in the current year.

The County reports increases in net assets that relate to future periods as deferred inflows in a separate section of the County-wide statement of net position and the County governmental fund balance sheet. Deferred inflows of resources reported in this year's government-wide financial statements include amounts related to the County's participation in PERSI as outlined in Note 13 – Defined Benefit Pension Plan. Deferred inflows of resources reported in the fund financial statements include property tax and receivables that are not collected for 60 days after year-end and are not considered available to pay current year bills under the modified accrual basis of accounting.

2. LEGAL COMPLIANCE - BUDGETS

On or before the first Monday in August, the County Auditor, acting as budget officer, submits a proposed budget to the County Commissioners. When the Commissioners have agreed upon a tentative appropriation, the budget officer shall publish a notice of the tentative appropriation not later than the third week in August.

On the Tuesday following the first Monday in September, the Board of County Commissioners holds public hearings and upon the conclusion of those hearings, determines the amount of the budget. The amount of the budget shall be no greater than the amount of the tentative appropriation, and the amount to be raised from property taxes shall not be greater than the amount advertised.

The County budgets revenue on a comprehensive basis other than United States generally accepted accounting principles (GAAP). Property tax revenues are budgeted when levied. Intergovernmental revenue is recognized only when the cash is received. Homeland Security grants where the expenditures are made through the State of Idaho purchasing system are not budgeted.

Expenditures may not exceed appropriations at the fund level. The budget is further broken down into the classifications of (1) salaries and wages and (2) all other expenditures. For the year ended September 30, 2022, no fund expenditures exceed appropriations.

Supplemental Appropriations. The County Commissioners may adjust the budget during the year to reflect the receipt of unscheduled revenue provided that there shall be no increase in anticipated property taxes. The annual budget procedure shall be complied with as nearly as practical before the budget may be adjusted.

The County adopted Resolution 2022-10-22 to amend the budget and provide an additional $673 to the General Fund and $218,819 to the Charity Fund.

2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Fund Transfers. The County budgeted for and transferred $1,250,000 from the general fund to capital project fund for courthouse construction. The County also budgeted and transferred $6,000 from the district court to the drug court.

Deficit Fund Balance. There were no funds with a deficit fund balance at September 30, 2022.

3. CASH AND INVESTMENTS

Cash and investment policies are disclosed in Note 1.

Cash. At year-end, the carrying amount of the County's deposits was $6,263,230 for governmental activities and $5,045,459 for fiduciary funds. The bank balances amounted to $10,921,670. Of the bank balance, $766,890 was considered covered by Federal Depository Insurance. The remainder of the bank balance is considered uninsured and uncollaterized.

Investments. At year-end, the components of the County's investments were:

Idaho State Treasurer's Local Government Investment Pool	$ 28,669,717
Multi-Bank Securities, Inc. - U.S. Treasury Securities	984,620
	$ 29,654,337

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the County's investments. The County does not have a policy regarding interest rate risk. Substantially, all investments are purchased with short-term maturities, which minimize the interest rate risk. The scheduled maturity of County investments is as follows:

	Fair Value
State Investment Pool	$ 28,669,717
Maturity of other investments	
Less than 1 year	984,620

Custodial Risk. Custodial risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are held by third parties in street name for the County.

Credit Risk. The County has no formal policy on the credit risk rating of investments. The County's investment in the Idaho State Treasurer's Local Government Investment Pool is not rated.

Concentration of Credit Risk. The County has no policy on the amount they may invest in any one issuer.

4. PROPERTY TAXES

Property taxes are levied in November and payable on December 20 and June 20 following the levy date. The taxes are delinquent the day following the due dates. A lien is filed on property three years from the date of delinquency.

4. PROPERTY TAXES (CONTINUED)

Details of property tax levies for all County funds are as follows:

County Assessed Market Value for Tax Purposes

	Total Market Valuation	All County Levy	Tax Charge
2021	$ 4,094,567,964	0.4859531%	$ 18,365,929
2020	3,612,666,106	0.5305980%	18,671,897
2019	3,435,600,919	0.5472993%	18,315,592
2018	3,310,577,411	0.5486252%	17,636,990
2017	3,256,293,018	0.5421997%	16,906,797
2016	2,957,056,235	0.5437024%	15,602,939
2015	2,818,376,280	0.5159378%	14,046,267
2014	2,679,805,076	0.4966748%	12,814,764
2013	2,619,839,711	0.5001985%	12,549,651
2012	2,558,063,712	0.4778861%	12,150,107

5. ACCOUNTS RECEIVABLE

Details of intergovernmental receivables at September 30, 2022, are as follows:

	Governmental Funds	Fiduciary Funds
State of Idaho sales tax	$ 1,084,505	$ 68,483
State of Idaho highway users tax	590,140	
State of Idaho federal grants pass through	271,698	
Other	50,064	
	$ 1,996,407	$ 68,483

Details of accounts receivable at September 30, 2022, are as follows:

	Governmental Funds	Fiduciary Funds
E-911 fees due from telephone companies	$ 53,147	
County services indigent reimbursement	7,369,117	
Allowance for uncollectible indigent reimbursements	(7,249,117)	
District court fines and penalties		$ 3,400,000
Other	4,778	
	$ 177,925	$ 3,400,000

6. CAPITAL ASSETS

A summary of changes in capital assets follows:

	10/1/2021	Additions	Deletions	9/30/2022
CAPITALIZED LISTING				
Capital assets, not being depreciated				
Land	$ 425,185	$ 54,620		$ 479,805
Airport land and improvements	5,688,341			5,688,341
Airport runways	15,386,946	0		15,386,946
Airport construction in progress	123,083	1,832,936		1,956,019
Capital assets, being depreciated				
Buildings	32,905,683	1,180,207	$ 103,177	33,982,713
Bridges	8,751,160	43,554		8,794,714
Roads	140,535,371	409,840		140,945,211
Water and sewer	226,309	549		226,858
Boat ramps	730,926	153,251		884,177
Equipment	14,015,545	1,303,849	540,965	14,778,429
	$218,788,549	$ 4,978,806	$ 644,142	223,123,213
ACCUMULATED DEPRECIATION				
Buildings	$ 15,721,309	$ 997,524	$ 4,351	16,714,482
Bridges	5,104,181	163,321		5,267,502
Roads	128,886,499	753,059		129,639,558
Water and sewer	135,821	4,418		140,239
Boat ramps	415,411	41,537		456,948
Equipment	9,694,133	960,927	350,141	10,304,919
	$159,957,354	$ 2,920,786	$ 354,492	162,523,648
Governmental activities, net capital assets				$ 60,599,565

Depreciation of $2,920,786 was charged to the following functions in the statement of activities:

Transportation	$ 1,226,903
Jail	705,878
Sheriff	141,312
E-911 Program	163,630
Airport Authority	201,213
All other functions	481,850

The Joint-Powers Agreement between the City of Lewiston, Airport Authority, and Nez Perce County states that the capital assets are equally owned by the City and the County. Accordingly, $7,448,325 of capital assets and $3,119,085 of accumulated depreciation have been added to the County's general fixed asset fund under buildings and equipment.

7. LONG-TERM DEBT

Equipment Loan. The County purchased through long-term debt two Motor Graders in the original amount of $478,115. The debt is payable in annual principal installments of $36,896 for two years with a final payment of $430,000 in the third year, with an interest rate of 2.989 percent.

Compensatory Time. Most County employees earn compensatory time at the rate of 1 1/2 times actual hours for overtime hours worked. Compensatory time can be paid on a current basis or paid upon termination of employment at the employee's option.

Vacation Time. Employees are credited with 8 hours of vacation each month during the first year of employment and can be credited with up to 16 hours of vacation each month based upon the number of years employed by the County. A maximum of 240 hours of vacation may be accumulated. Unused vacation time is paid out upon termination of employment.

Sick Leave. Employees are credited with 8 hours of sick leave each month of employment. A maximum of 800 hours of unused sick leave will be paid at 30 percent times the employee's regular pay rate upon termination of employment (upon completion of 5 years or more of service).

The following is a summary of changes in general long-term debt:

	Balance 10/01/2021	Additions	Repayment	Balance 9/30/2022
Compensated absences				
Vacation time	$ 687,811		$ 34,052	$ 653,759
Sick leave	389,598		5,936	383,662
Compensatory time	138,150		8,342	129,808
Other	7,038		823	6,215
Airport	5,209	$ 2,313		7,522
Fair Board absences	16,102		2,690	13,412
Total compensated absences	1,243,908	2,313	51,843	1,194,378
Equipment loan	0	478,115	36,896	441,219
	$ 1,243,908	$480,428	$ 88,739	1,635,597
Less current portion				(24,241)
				$ 1,611,356

The noncurrent payables are schedules to mature on the following schedule:

Equipment Loan	Principal	Interest
2023	$ 24,241	$ 12,654
2024	416,978	13,022
Total equipment loan	$ 441,219	$ 25,676

8. BUDGETARY REPORTING BASIS RECONCILIATION TO GAAP

The budget-to-actual financial statements in this report are based on the County's legally adopted budget, which is adopted on a comprehensive basis other than United States generally accepted accounting principles (GAAP). On the budgetary basis, the County records intergovernmental revenues only when received and records property tax revenues when levied.

9. FUND BALANCE AND DESIGNATIONS

Restricted Net Position. Restricted net positions on the government-wide statements represent amounts whose use is restricted by creditors, grantors, laws and regulations of other governments, or through enabling legislation. Net positions are restricted for debt service by the bond holder on the outstanding bond.

Assigned Fund Balance. The fund balances of certain individual funds are assigned for particular purposes by the commissioners including the following:

- ***Accounting Accruals.*** *Idaho Code* authorizes counties to accumulate and budget fund balances sufficient to maintain County operations on a cash basis. The fund balance designated for accounting accruals is that portion of the fund balance that is not available to the County on the budgetary basis of accounting.

  Approximately 48 percent of County revenue is received through property tax collections, which are available to the County in January and July. A substantial portion of the unreserved, undesignated fund balances are used to finance operations between property tax collections. In addition, the Commissioners have made the following designations for specific projects that are being planned by the County.

- ***Bridge Construction.*** The County is developing plans for required construction work on the Southway Bridge, Cherry Lane Bridge, Lenore Bridge, Pine Creek Bridge, McIntyre Bridge, Arrow/Highline Bridge, Bedrock Bridge, Cottonwood Creek Bridge, McCormick Ridge Bridge, Big Canyon Creek Bridge, and Webb Road phase II. The commissioners have designated the entire balance of the federal and state matching funds balance for these projects, as the County’s share of these expenditures is currently expected to exceed the fund balance available.

- ***E-911 Wireless.*** The Commissioners have designated the entire remaining balance of the fund for E-911 software, upgrades, and next generation projects whose cost is expected to exceed the current E-911 fund balance.

- ***Mandated Appraisals.*** The Commissioners have designated $300,000 of the ad valorem fund balance for appraisal work that would be required in the event of a state mandated appraisal or for the defense of assessed values by taxpayers. This fund balance was last used in 2002 when the County was challenged on their property assessment values by Potlatch Corporation.

- **Indigent.** The Commissioners have designated the entire remaining balance of the charity fund to cover unexpected increases in expenses due to complicated criminal trials and potential increases of need for uncovered medical expenses of indigent applicants. The County is statutorily liable for these expenses regardless of what is budgeted.

9. FUND BALANCE AND DESIGNATIONS (CONTINUED)

Assigned Fund Balance (Continued).

- **Fairgrounds.** The County is committed to expand the fairgrounds and provide funding for improvements. The Commissioners have designated the entire fund balance for such improvements, i.e. RV Park and new shop building and roof.

- **Solid Waste.** The Commissioners have designated a portion of the solid waste fund balance for courthouse cleanup and cleanup of drug property in the amount of $531,000.

- **Courthouse.** The County has plans underway to build a new courthouse and has designated the entire balance of the court facilities fund and $2.5 million of the general fund.

- **Justice.** The Sheriff's office has set aside $339,000 to purchase six new patrol vehicles. These vehicles could not be purchased due to supply chain issues.

- **Airport.** The Commissioners have designated the entire balance of the airport fund for potential incentive to attract air service development.

- ***Special Revenue.*** The fund balance has been assigned for special revenue purposes for that fund.

Unassigned Fund Balance. The fund balance has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

10. RISK MANAGEMENT

The County is a member of the Idaho County Reciprocal Management Program (ICRMP). ICRMP is an all-lines aggregate insurance program providing liability, property, and casualty insurance coverage to Idaho's counties and other political subdivisions on a voluntary participation basis. ICRMP assumes or reinsures all risk for covered claims. Participants are charged an annual insurance premium with no additional assessments for losses.

The general insurance limits are as follows:

General liability	$500,000 per claim
Property damage (includes flood and earthquake)	Replacement cost coverage with a $2,500 deductible
Automobile liability	$500,000 per claim
Errors and omissions liability	$500,000 per claim
Crime insurance and bonding	$500,000 per claim
Machinery	Replacement cost coverage with a $2,500 deductible

The County's unemployment is self-insured with the State of Idaho.

11. ECONOMIC DEPENDENCY

Approximately 48 percent of total County revenues are derived from local property taxes. Potlatch Forest Products Corp is a major property taxpayer in Nez Perce County, whose property assessment is approximately 12 percent of the total County property assessment. The largest ten property owners amount to 25 percent of the total County property assessment.

12. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code,* Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are available only for payment of benefits to plan participants and their beneficiaries. Accordingly, the Plan assets are not reflected in the County's financial statements.

13. DEFINED BENEFIT PENSION PLAN

Plan Description. The County contributes to the Base Plan, which is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits. The Base Plan provides for retirement, disability, death, and survivor benefits of eligible members or beneficiaries. Benefits are based upon members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with 5 years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classifications. The annual service retirement allowance for each month of credited service is 2.0 percent (2.3 percent for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1 percent minimum cost of living increase per year provided the *Consumer Price Index* increases 1 percent or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the *Consumer Price Index* movement or 6 percent, whichever is less; however, any amount above the 1 percent minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions. Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

13. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Member and Employer Contributions (Continued). The contribution rates for employees are set by statute at 60 percent of the employer rate for general employees and 74 percent for police and firefighters. As of September 30, 2022, it was 7.16 percent for general employees and 9.13 percent for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94 percent for general employees and 12.28 percent for police and firefighters. The County contributions required and paid were $1,613,000, $1,528,187 and $1,477,958 for the three years ended September 30, 2022, 2021, and 2020, respectively.

Pension Liabilities, Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2022, the County reported a liability of $12,974,665 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI employers. At June 30, 2022, the County's proportion was 0.32941004 percent.

Pension Liabilities, Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). For the year ended September 30, 2022, the County recognized a net change in pension expense of $1,646,259. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 388,000	
Differences between expected and actual experience	$ 1,426,740	$ 57,910
Changes in assumptions or other inputs	$ 2,115,259	
Net difference between projected and actual earnings on pension plan investments	$ 2,985,317	

Deferred out flows of resources in the amount of $388,000 related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending September 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through the system (active and inactive employees) determined at July 1, 2022, the beginning of the measurement period ended June 30, 2022, is 4.6 and 4.6 for the measurement period June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenues) as follows:

2023	$ 1,547,071
2024	1,679,493
2025	776,764
2026	2,466,077

13. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions. Valuations are based upon actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. PERSI amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period permitted under Section 59-1322, *Idaho Code,* is 25 years.

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return	6.35%, net of pension plan investment expense
Cost of Living Adjustments (COLA)	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, service retirement members, and beneficiaries. These rates were adopted for the valuation dated July 1, 2022.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Male	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Female	Pub-2010 General Tables, increased 21%
Fire & Police – Male	Pub-2010 Safety Tables, increased 21%
Fire & Police – Female	Pub-2010 Safety Tables, increased 26%
Disabled Members – Male	Pub-2010 Disabled Tables, increased 38%
Disabled Members – Female	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020, which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2022, is based on the results of an actuarial valuation date of July 1, 2022.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach, which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers, and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of the System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2022.

13. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued).

CAPITAL MARKET ASSUMPTIONS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	(0.25%)
TIPS	10%	(0.30%)
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate. The discount rate used to measure the total pension liability was 6.35 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
County's proportionate share of the net pension liability (asset)	$22,899,012	$12,974,665	$4,851,843

13. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

14. OTHER POST-EMPLOYMENT BENEFITS

Nez Perce County offers its employees the opportunity to remain on the County medical insurance plan after they retire until age 65. Employees must meet the conditions for retirement of the Public Employee Retirement System of Idaho (PERSI), which generally requires that the employee's age plus number of years of service must total 90 (80 for sheriff's deputies). (Example: a 58-year-old employee with 32 years of service would be eligible to retire under the rule of 90.)

Retired employees must pay the full medical insurance premium. This arrangement is considered to include an implicit subsidy under accounting standards as the retired employee medical insurance premium is considered to be less than the actuarially determined premium for a retired individual in those circumstances. There are currently 2 retired employees taking advantage of this benefit. The estimated amount of this implicit subsidy is considered immaterial to these financial statements.

15. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable in the opinion of the County's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 31, 2023, the date the financial statements were available to be issued.

17. TAX ABATEMENTS

The County enters into property tax abatements with local businesses under *Idaho Code* Section 63-602NN. Under the *Idaho Code*, the County may grant property tax abatements of up to 100 percent of plant investments that meet all tax incentive criteria as defined in *Code* Section 63-602NN subsection 2 through a direct reduction of the entity's property tax bill. The *Idaho Code* allows for the recapture of abated taxes in the event an abatement recipient does not meet all of the criteria for receiving the abatement or ceases to do business in the County.

17. TAX ABATEMENTS (CONTINUED)

Details of all property tax abatements that the County has entered into as of September 30, 2022, are as follows:

- A 75 percent reduction in assessed value to a pulp and paper product manufacturer for specified plant improvements not to exceed $61 million of assessed value in the first year and $81 million of assessed value for the next 4 years starting in tax year 2018. The abatement amounted to $927,890 for the year ended September 30, 2022.

- A 50 percent reduction in additional assessed value in the first year and 75 percent in the next four years to a bullet manufacturer for plant improvements effective for 5 years starting in tax year 2018. The abatement amounted to $419,552 for the year ended September 30, 2022.

- A 75 percent reduction in assessed value to a lumber manufacturer for specified plant improvements not to exceed $15 million of assessed value for the next 5 years starting in tax year 2020. The abatement amounted to $50,034 for the year ended September 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

NEZ PERCE COUNTY, STATE OF IDAHO

SCHEDULE OF PENSION FUNDING

SCHEDULE OF THE DISTRICT'S SHARE OF NET PENSION ASSET AND LIABILITY - PERSI BASE PLAN
Data reported is measured as of September 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Employer's portion of the net pension (asset) liability	0.32941004%	0.34044306%	0.34447850%	0.34736290%	0.34632820%	0.35215540%	0.34467310%	0.35056460%	0.35298380%	(1)
Employer's proportionate share of the net pension (asset) liability	$ 12,974,665	$ (269,000)	$ 7,999,000	$ 3,965,000	$ 5,108,000	$ 5,535,000	$ 6,987,000	$ 4,616,400	$ 2,598,500	(1)
Employer's covered payroll	13,476,584	12,700,451	12,288,962	12,101,900	11,260,000	10,625,000	10,183,600	9,914,700	9,635,500	(1)
Employer's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	96%	-2%	65%	33%	45%	52%	69%	47%	27%	(1)
Plan fiduciary net position as a percentage of the total pension liability	83%	100%	88%	94%	92%	91%	87%	91%	95%	(1)

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO PENSION PLANS - PERSI BASE PLAN
Data reported is measured as of September 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$ 1,613,000	$ 1,528,187	$ 1,477,958	$ 1,369,934	$ 1,274,631	$ 1,202,750	$ 1,152,783	$ 1,122,344	$ 1,090,739	$ 992,596
Contributions in relation to the statutorily required contribution	1,613,000	1,528,187	1,477,958	1,369,934	1,274,631	1,202,750	1,152,783	1,122,344	1,090,739	992,596
Contribution (deficiency) excess	0	0	0	0	0	0	0	0	0	0
Employer's covered payroll	13,476,584	12,700,451	12,288,962	12,101,900	11,260,000	10,625,000	10,183,600	9,914,700	9,635,500	9,553,400
Contributions as a percentage of covered payroll	11.97%	12.03%	12.03%	11.32%	11.32%	11.32%	11.32%	11.32%	11.32%	10.39%

(1) PERSI has not provided calculations for years prior to implementation of GASB Statement No. 68.

NEZ PERCE COUNTY, STATE OF IDAHO

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2022

GENERAL	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
General property taxes	$ 7,497,286	$ 7,497,286	$ 7,543,669	$ 46,383
Other revenues	4,143,420	4,143,420	4,251,104	107,684
Total revenues	11,640,706	11,640,706	11,794,773	154,067
EXPENDITURES				
Salaries and wages	3,685,655	3,685,666	3,171,244	514,422
Other expenditures	12,809,508	12,810,170	8,620,735	4,189,435
Total expenditures	16,495,163	16,495,836	11,791,979	4,703,857
EXCESS OF REVENUES OVER EXPENDITURES	(4,854,457)	(4,855,130)	2,794	4,857,924
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,250,000)	(1,250,000)	(1,250,000)	
Total other financing sources (uses)	(1,250,000)	(1,250,000)	(1,250,000)	0
NET CHANGE IN FUND BALANCE	(6,104,457)	(6,105,130)	(1,247,206)	4,857,924
FUND BALANCE AT BEGINNING OF YEAR	6,104,457	6,105,130	4,142,317	(1,962,813)
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 2,895,111	$ 2,895,111

The County budgets revenue on a comprehensive basis of accounting other than United States generally accepted accounting principles (GAAP). Intergovernmental and other revenues are recognized in revenue when received for budgetary purposes.

Revenues on GAAP basis	$ 11,796,701
Accrued intergovernmental revenue	(35,640)
Prior year accrued revenue	33,712
Revenues of budgetary basis	$ 11,794,773

NEZ PERCE COUNTY, STATE OF IDAHO

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2022

GENERAL ROAD	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
General property taxes	$ 621,196	$ 621,196	$ 638,531	$ 17,335
Other revenues	3,353,032	3,353,032	4,886,358	1,533,326
Total revenues	3,974,228	3,974,228	5,524,889	1,550,661
EXPENDITURES				
Salaries and wages	1,394,529	1,394,529	1,311,932	82,597
Other expenditures	3,865,297	3,865,297	3,864,803	494
Total expenditures	5,259,826	5,259,826	5,176,735	83,091
EXCESS OF REVENUES OVER EXPENDITURES	(1,285,598)	(1,285,598)	348,154	1,633,752
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt			478,115	478,115
Total other financing sources (uses)	0	0	478,115	478,115
NET CHANGE IN FUND BALANCE	(1,285,598)	(1,285,598)	826,269	2,111,867
FUND BALANCE AT BEGINNING OF YEAR	1,285,598	1,285,598	3,312,937	2,027,339
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 4,139,206	$ 4,139,206

The County budgets revenue on a comprehensive basis of accounting other than United States generally accepted accounting principles (GAAP). Intergovernmental and other revenues are recognized in revenue when received for budgetary purposes.

Revenues on GAAP basis	$ 5,513,091
Accrued intergovernmental revenue	(844,757)
Prior year accrued revenue	856,555
Revenues of budgetary basis	$ 5,524,889

NEZ PERCE COUNTY, STATE OF IDAHO

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2022

FEDERAL AND STATE MATCHING	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
General property taxes	$ 71,715	$ 71,715	$ 71,553	$ (162)
Other revenues			34,476	34,476
Total revenues	71,715	71,715	106,029	34,314
EXPENDITURES				
Other expenditures	1,951,000	1,951,000	295,536	1,655,464
Total expenditures	1,951,000	1,951,000	295,536	1,655,464
NET CHANGE IN FUND BALANCE	(1,879,285)	(1,879,285)	(189,507)	1,689,778
FUND BALANCE AT BEGINNING OF YEAR	1,879,285	1,879,285	3,991,898	2,112,613
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 3,802,391	$ 3,802,391

The County budgets revenue on a comprehensive basis of accounting other than United States generally accepted accounting principles (GAAP). Intergovernmental and other revenues are recognized in revenue when received for budgetary purposes.

Revenues on GAAP basis	$ 105,253
Accrued intergovernmental revenue	
Prior year accrued revenue	776
Revenues of budgetary basis	$ 106,029

NEZ PERCE COUNTY, STATE OF IDAHO

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2022

JUSTICE	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
General property taxes	$ 5,984,848	$ 5,984,848	$ 6,033,322	$ 48,474
Other revenues	5,082,362	5,082,362	6,171,468	1,089,106
Total revenues	11,067,210	11,067,210	12,204,790	1,137,580
EXPENDITURES				
Salaries and wages	7,457,808	7,457,808	6,929,832	527,976
Other expenditures	5,817,501	5,817,501	4,592,752	1,224,749
Total expenditures	13,275,309	13,275,309	11,522,584	1,752,725
NET CHANGE IN FUND BALANCE	(2,208,099)	(2,208,099)	682,206	2,890,305
FUND BALANCE AT BEGINNING OF YEAR	2,208,099	2,208,099	3,389,702	1,181,603
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 4,071,908	$ 4,071,908

The County budgets revenue on a comprehensive basis of accounting other than United States generally accepted accounting principles (GAAP). Intergovernmental and other revenues are recognized in revenue when received for budgetary purposes.

Revenues on GAAP basis	$ 12,310,892
Accrued intergovernmental revenue	(1,080,421)
Prior year accrued revenue	974,319
Revenues of budgetary basis	$ 12,204,790

Effective October 1, 2010, a Joint Airport Authority was formed to manage all airport activities and operations. The Lewiston-Nez Perce County Regional Airport has approximately 3,700,000 square feet of airfield pavement. The airport has implemented a pavement management system, which inventories the pavement network, identifies the pavement condition on a periodic basis, and compiles the pavement condition in a pavement maintenance management software *PAVER™*. The U.S. Army Corps of Engineers originally developed the Pavement Condition Index (*PCI)* reporting method as an airfield pavement rating system. The *PCI* is established by visually inspecting sample units of the airport's pavement sections and assessing the type and severity of the pavement's surface distresses, such as cracking, depressions, patching, raveling, rutting, and shoving. The software uses this information to assign a *PCI* for each pavement segment, with a numerical rating scale with a possible range from 0 to 100 that provides a measure of the pavement's functional surface condition. Using the *PCI*, the Pavement Condition Rating (PCR) is assigned to each segment, ranging from "Poor to Failing" to "Good." The rating system is broken down as follows:

PCI	Rating
0-55	Poor to Failing
56-70	Fair
71-85	Satisfactory
86-100	Good

The 2002 *Pavement Condition Index Report* is used as a reference for the GASB No. 34 reporting requirements for airfield pavements using the Modified Approach. The Lewiston-Nez Perce Regional Airport intends to preserve its infrastructure at an index rating greater than 65. In July 2022, an inspection was performed resulting in *PCI* report dated February 2023. The overall area weighted *PCI* for the Lewiston-Nez Perce County Regional Airport pavement network was 80, representing a "satisfactory" rating.

Visual pavement inspections were conducted in July 2022 using the *PCI*

Year Ended	Original Estimated Maintenance Expense	Actual Maintenance Expense	PCI Rating	Assessment Date
9/30/14	$ 355,000	$ 0		
9/30/15	355,000	4,734,682		
9/30/16	355,000	2,249,777	72	July 2016
9/30/17	355,000	1,067,713		
9/30/18	355,000	3,678,012		
9/30/19	355,000	3,180,451		
9/30/20	355,000	6,521,147		
9/30/21	355,000	2,548,696		
9/30/22	355,000	3,796,555	80	July 2022

SUPPLEMENTARY INFORMATION

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - GAAP BASIS
September 30, 2022

	General	Charity	Indigent Revolving	General Road	Federal and State Matching	Justice	District Court
ASSETS							
Cash and investments	$ 7,748,841	$ 1,193,385	$ 467,755	$ 4,473,869	$ 3,804,390	$ 4,426,803	$ 581,887
Property taxes receivable	129,847	21,870		16,238	1,069	97,182	3,386
Intergovernmental receivable	35,640			844,757		1,080,421	80
Other receivables			120,000				
Total assets	$ 7,914,328	$ 1,215,255	$ 587,755	$ 5,334,864	$ 3,805,459	$ 5,604,406	$ 585,353
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Warrants payable	$ 1,351,244	$ 150,622	$ 9,298	$ 334,662	$ 2,000	$ 354,894	$ 15,245
Claims payable							
Accrued expenses							
Total liabilities	1,351,244	150,622	9,298	334,662	2,000	354,894	15,245
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	3,632,333	21,870	120,000	16,239	1,068	97,183	3,387
Total deferred inflows of resources	3,632,333	21,870	120,000	16,239	1,068	97,183	3,387
FUND BALANCES							
Assigned for accounting accruals	35,640			844,757		1,080,421	80
Assigned for bridge construction					3,802,391		
Assigned for E-911 wireless							
Assigned for mandated appraisals							
Assigned for justice						339,000	
Assigned for indigent		1,042,763					
Assigned for fairgrounds							
Assigned for solid waste							
Assigned for courthouse	2,500,000						
Assigned for airport							
Assigned for special revenue			458,457	4,139,206		3,732,908	566,641
Unassigned	395,111						
Total fund balances	2,930,751	1,042,763	458,457	4,983,963	3,802,391	5,152,329	566,721
Total liabilities and fund balances	$ 7,914,328	$ 1,215,255	$ 587,755	$ 5,334,864	$ 3,805,459	$ 5,604,406	$ 585,353

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - GAAP BASIS
September 30, 2022

	Ad Valorem	Health District	Noxious Weed	Noxious Weed Revolving	Airport	Fairgrounds and Buildings	Fair Board
ASSETS							
Cash and investments	$ 863,210	$ 40,293	$ 113,232	$ 814	$ 389,864	$ 32,725	$ 357,050
Property taxes receivable	13,326	6,803	165		3,811	5,751	516,445
Intergovernmental receivable							
Other receivables							
Total assets	$ 876,536	$ 47,096	$ 113,397	$ 814	$ 393,675	$ 38,476	$ 873,495
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Warrants payable	$ 11,490		$ 1,869			$ 22,713	
Claims payable							$ 11,407
Accrued expenses							468
Total liabilities	11,490	$ 0	1,869	$ 0	$ 0	22,713	11,875
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	13,326	6,803	165		3,810	5,749	297,354
Total deferred inflows of resources	13,326	6,803	165	0	3,810	5,749	297,354
FUND BALANCES							
Assigned for accounting accruals							
Assigned for bridge construction							
Assigned for E-911 wireless							
Assigned for mandated appraisals	300,000						
Assigned for justice							
Assigned for indigent							
Assigned for fairgrounds						10,014	
Assigned for solid waste							
Assigned for courthouse							
Assigned for airport					389,865		
Assigned for special revenue	551,720	40,293	111,363	814			564,266
Unassigned							
Total fund balances	851,720	40,293	111,363	814	389,865	10,014	564,266
Total liabilities and fund balances	$ 876,536	$ 47,096	$ 113,397	$ 814	$ 393,675	$ 38,476	$ 873,495

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - GAAP BASIS
September 30, 2022

	Election Consolidation	Junior College Tuition	Solid Waste	Court Interlocking	Court Facilities	Juvenile Detention	Juvenile Probation
ASSETS							
Cash and investments	$ 493,879	$ 50,909	$ 858,497	$ 52,717	$ 249,485	$ 326,088	$ 237,730
Property taxes receivable			42,066			11,184	8,763
Intergovernmental receivable							35,203
Other receivables							
Total assets	$ 493,879	$ 50,909	$ 900,563	$ 52,717	$ 249,485	$ 337,272	$ 281,696
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Warrants payable	$ 75		$ 51,368			$ 21,157	$ 13,534
Claims payable							
Accrued expenses							
Total liabilities	75	$ 0	51,368	$ 0	$ 0	21,157	13,534
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue			42,066			11,183	8,764
Total deferred inflows of resources	0	0	42,066	0	0	11,183	8,764
FUND BALANCES							
Assigned for accounting accruals							35,203
Assigned for bridge construction							
Assigned for E-911 wireless							
Assigned for mandated appraisals							
Assigned for justice							
Assigned for indigent							
Assigned for fairgrounds							
Assigned for solid waste			531,000				
Assigned for courthouse					249,485		
Assigned for airport							
Assigned for special revenue	493,804	50,909	276,129	52,717		304,932	224,195
Unassigned							
Total fund balances	493,804	50,909	807,129	52,717	249,485	304,932	259,398
Total liabilities and fund balances	$ 493,879	$ 50,909	$ 900,563	$ 52,717	$ 249,485	$ 337,272	$ 281,696

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - GAAP BASIS
September 30, 2022

	Adult Probation	Drug Court	Drug Prosecution	Parks and Recreation	County Vessel	Snowmobile
ASSETS						
Cash and investments	$ 236,487	$ 156,731	$ 23,279	$ 76,224	$ 219,543	$ 81,573
Property taxes receivable	9,331			357		
Intergovernmental receivable	306					
Other receivables					4,778	
Total assets	$ 246,124	$ 156,731	$ 23,279	$ 76,581	$ 224,321	$ 81,573
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Warrants payable	$ 10,251	$ 925	$ 640		$ 4,511	$ 48
Claims payable						
Accrued expenses						
Total liabilities	10,251	925	640	$ 0	4,511	48
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	9,331			357		
Total deferred inflows of resources	9,331	0	0	357	0	0
FUND BALANCES						
Assigned for accounting accruals	306				4,778	
Assigned for bridge construction						
Assigned for E-911 wireless						
Assigned for mandated appraisals						
Assigned for justice						
Assigned for indigent						
Assigned for fairgrounds						
Assigned for solid waste						
Assigned for courthouse						
Assigned for airport						
Assigned for special revenue	226,236	155,806	22,639	76,224	215,032	81,525
Unassigned						
Total fund balances	226,542	155,806	22,639	76,224	219,810	81,525
Total liabilities and fund balances	$ 246,124	$ 156,731	$ 23,279	$ 76,581	$ 224,321	$ 81,573

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - GAAP BASIS
September 30, 2022

	Emergency Communications	Employer Cafeteria	Capital Project	Current Expense Contingency	Total
ASSETS					
Cash and investments	$ 1,443,808	$ 296,075	$ 6,580,418	$ 40,006	$ 35,917,567
Property taxes receivable					887,594
Intergovernmental receivable					1,996,407
Other receivables	53,147				177,925
Total assets	$ 1,496,955	$ 296,075	$ 6,580,418	$ 40,006	$ 38,979,493
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Warrants payable	$ 51,158				$ 2,407,704
Claims payable					11,407
Accrued expenses					468
Total liabilities	51,158	$ 0	$ 0	$ 0	2,419,579
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					4,290,988
Total deferred inflows of resources	0	0	0	0	4,290,988
FUND BALANCES					
Assigned for accounting accruals	53,147				2,054,332
Assigned for bridge construction					3,802,391
Assigned for E-911 wireless	1,392,650				1,392,650
Assigned for mandated appraisals					300,000
Assigned for justice					339,000
Assigned for indigent					1,042,763
Assigned for fairgrounds					10,014
Assigned for solid waste					531,000
Assigned for courthouse					2,749,485
Assigned for airport					389,865
Assigned for special revenue		296,075	6,580,418	40,006	19,262,315
Unassigned					395,111
Total fund balances	1,445,797	296,075	6,580,418	40,006	32,268,926
Total liabilities and fund balances	$ 1,496,955	$ 296,075	$ 6,580,418	$ 40,006	$ 38,979,493

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GAAP BASIS
Year Ended September 30, 2022

	General	Charity	Indigent Revolving	General Road	Federal and State Matching	Justice	District Court
REVENUES							
Property taxes	$ 7,543,669	$ 1,482,776		$ 638,531	$ 71,553	$ 6,033,322	$ 152,626
Licenses and permits	526,466			6,550		300,164	
Intergovernmental revenue	3,195,941	426,724		3,149,332	11	4,435,288	187,636
Charges for services	319,526			1,653,499		1,326,173	62,657
Interest and rent	79,862					97,609	
Fines and penalties						37,892	245,055
Other revenue	131,237	5,502	$ 80,020	65,179	33,689	80,444	25,859
Total revenues	11,796,701	1,915,002	80,020	5,513,091	105,253	12,310,892	673,833
EXPENDITURES							
General government	11,351,409					2,473,801	612,107
Public safety	301,410	1,665,402				9,048,783	
Public works				5,139,839	295,536		
Health and welfare		387,211	26,272				
Culture and recreation							
Debt service				36,896			
Other	139,160						
Total expenditures	11,791,979	2,052,613	26,272	5,176,735	295,536	11,522,584	612,107
OTHER FINANCING SOURCES (USES)							
Proceeds from long term debt				478,115			
Transfers in							
Transfers out	(1,250,000)						(6,000)
Total other financing sources (uses)	(1,250,000)	0	0	478,115	0	0	(6,000)
NET CHANGE IN FUND BALANCES	(1,245,278)	(137,611)	53,748	814,471	(190,283)	788,308	55,726
FUND BALANCES AT BEGINNING OF YEAR	4,176,029	1,180,374	404,709	4,169,492	3,992,674	4,364,021	510,995
FUND BALANCES AT END OF YEAR	$ 2,930,751	$ 1,042,763	$ 458,457	$ 4,983,963	$ 3,802,391	$ 5,152,329	$ 566,721

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GAAP BASIS
Year Ended September 30, 2022

	Ad Valorem	Health District	Noxious Weed	Noxious Weed Revolving	Airport	Fairgrounds and Buildings	Fair Board
REVENUES							
Property taxes	$ 917,444	$ 437,296	$ 9,971		$ 84,512	$ 407,909	$ 595,764
Licenses and permits							
Intergovernmental revenue					1,750,000		
Charges for services				$ 40,000			253,482
Interest and rent							92,989
Fines and penalties							
Other revenue	6,125	1,797	41		310	1,680	20,929
Total revenues	923,569	439,093	10,012	40,000	1,834,822	409,589	963,164
EXPENDITURES							
General government	646,799						
Public safety							
Public works			13,162	52,521	1,750,000		
Health and welfare		433,959					
Culture and recreation						436,879	703,285
Debt service							
Other							
Total expenditures	646,799	433,959	13,162	52,521	1,750,000	436,879	703,285
OTHER FINANCING SOURCES (USES)							
Proceeds from long term debt							
Transfers in							
Transfers out							
Total other financing sources (uses)	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	276,770	5,134	(3,150)	(12,521)	84,822	(27,290)	259,879
FUND BALANCES AT BEGINNING OF YEAR	574,950	35,159	114,513	13,335	305,043	37,304	304,387
FUND BALANCES AT END OF YEAR	$ 851,720	$ 40,293	$ 111,363	$ 814	$ 389,865	$ 10,014	$ 564,266

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GAAP BASIS
Year Ended September 30, 2022

	Election Consolidation	Junior College Tuition	Solid Waste	Court Interlocking	Court Facilities	Juvenile Detention	Juvenile Probation
REVENUES							
Property taxes						$ 673,016	$ 519,669
Licenses and permits							
Intergovernmental revenue	$ 116,581	$ 15,000				105,726	155,719
Charges for services			$ 967,919			62,459	19,286
Interest and rent							
Fines and penalties				$ 4,019	$ 11,092		7,977
Other revenue		350				10,736	2,650
Total revenues	116,581	15,350	967,919	4,019	11,092	851,937	705,301
EXPENDITURES							
General government	61,521						
Public safety				994		897,427	742,072
Public works							
Health and welfare		7,750	985,402				
Culture and recreation							
Debt service							
Other							
Total expenditures	61,521	7,750	985,402	994	0	897,427	742,072
OTHER FINANCING SOURCES (USES)							
Proceeds from long term debt							
Transfers in							
Transfers out							
Total other financing sources (uses)	0	0	0	0	0	0	0
NET CHANGE IN FUND BALANCES	55,060	7,600	(17,483)	3,025	11,092	(45,490)	(36,771)
FUND BALANCES AT BEGINNING OF YEAR	438,744	43,309	824,612	49,692	238,393	350,422	296,169
FUND BALANCES AT END OF YEAR	$ 493,804	$ 50,909	$ 807,129	$ 52,717	$ 249,485	$ 304,932	$ 259,398

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GAAP BASIS
Year Ended September 30, 2022

	Adult Probation	Drug Court	Drug Prosecution	Parks and Recreation	County Vessel	Snowmobile
REVENUES						
Property taxes	$ 550,328			$ 21,235		
Licenses and permits					$ 87,246	$ 9,589
Intergovernmental revenue		$ 89,925	$ 26,262		18,265	
Charges for services	99,378					
Interest and rent						
Fines and penalties		30,269				
Other revenue	2,375	17,000		87	68,288	
Total revenues	652,081	137,194	26,262	21,322	173,799	9,589
EXPENDITURES						
General government		132,257				
Public safety	677,937		20,503			
Public works						
Health and welfare						
Culture and recreation				12,512	124,393	2,482
Debt service						
Other						
Total expenditures	677,937	132,257	20,503	12,512	124,393	2,482
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt						
Transfers in		6,000				
Transfers out						
Total other financing sources (uses)	0	6,000	0	0	0	0
NET CHANGE IN FUND BALANCES	(25,856)	10,937	5,759	8,810	49,406	7,107
FUND BALANCES AT BEGINNING OF YEAR	252,398	144,869	16,880	67,414	170,404	74,418
FUND BALANCES AT END OF YEAR	$ 226,542	$ 155,806	$ 22,639	$ 76,224	$ 219,810	$ 81,525

NEZ PERCE COUNTY, STATE OF IDAHO

GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GAAP BASIS
Year Ended September 30, 2022

	Emergency Communications	Employer Cafeteria	Capital Project	Current Expense Contingency	Total
REVENUES					
Property taxes					$20,139,621
Licenses and permits					930,015
Intergovernmental revenue	$ 265,585				13,937,995
Charges for services	704,266				5,508,645
Interest and rent		$ 702			271,162
Fines and penalties					336,304
Other revenue	29,925	29,178	$ 19,139		632,540
Total revenues	999,776	29,880	19,139	$ 0	41,756,282
EXPENDITURES					
General government				6,549	15,284,443
Public safety	787,155				14,141,683
Public works					7,251,058
Health and welfare					1,840,594
Culture and recreation					1,279,551
Debt service					36,896
Other					139,160
Total expenditures	787,155	0	0	6,549	39,973,385
OTHER FINANCING SOURCES (USES)					
Proceeds from long term debt					478,115
Transfers in			1,250,000		1,256,000
Transfers out					(1,256,000)
Total other financing sources (uses)	0	0	1,250,000	0	478,115
NET CHANGE IN FUND BALANCES	212,621	29,880	1,269,139	(6,549)	2,261,012
FUND BALANCES AT BEGINNING OF YEAR	1,233,176	266,195	5,311,279	46,555	30,007,914
FUND BALANCES AT END OF YEAR	$ 1,445,797	$ 296,075	$ 6,580,418	$ 40,006	$32,268,926

NEZ PERCE COUNTY, STATE OF IDAHO

FIDUCIARY FUNDS
COMBINING BALANCE SHEET - GAAP BASIS
September 30, 2022

	State of Idaho	Employees Trust	Taxing Districts	Treasurer's Trust	Sheriff's Trust	District Court's Trust	Total
ASSETS							
Cash and investments	$ 643,522	$ 26,362	$ 2,830,670	$ 588,930	$ 723,975	$ 232,000	$ 5,045,459
Property taxes receivable			821,477				821,477
Intergovernmental receivable			68,483				68,483
Other receivables						3,400,000	3,400,000
Total assets	$ 643,522	$ 26,362	$ 3,720,630	$ 588,930	$ 723,975	$ 3,632,000	$ 9,335,419
LIABILITIES							
Warrants payable	$ 642,935	$ 3,142	$ 87,445		$ 2,427		$ 735,949
Claims payable		16,872					16,872
Due to other governments	587		3,633,185	$ 472,123			4,105,895
Due to employees		6,348					6,348
Due to individuals				116,807	721,548	$ 3,632,000	4,470,355
Total liabilities	$ 643,522	$ 26,362	$ 3,720,630	$ 588,930	$ 723,975	$ 3,632,000	$ 9,335,419

NEZ PERCE COUNTY, STATE OF IDAHO

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended September 30, 2022

	State of Idaho	Employees Trust	Taxing Districts	Treasurer's Trust	Sheriff's Trust	District Court's Trust	Total
ADDITIONS							
Property taxes			$ 50,629,527				$ 50,629,527
Licenses and permits	$ 3,296,633		3,010				3,299,643
Intergovernmental revenue	3,825,680		1,526,206				5,351,886
Charges for services	168		101,612	$ 2,433			104,213
Fines and penalties	782,139		147,765				929,904
Other receipts		$ 128,138	265		$ 1,543,884	$ 1,771,343	3,443,630
Total additions	$ 7,904,620	$ 128,138	$ 52,408,385	$ 2,433	$ 1,543,884	$ 1,771,343	$ 63,758,803
DEDUCTIONS							
Disbursed to beneficiaries	$ 7,904,033	$ 121,790	$ 51,518,425	$ (2,433)	$ 1,419,804	$ 1,774,291	$ 62,735,910
Allocated to beneficiaries	587	6,348	889,960	4,866	124,080	(2,948)	1,022,893
Total deductions	$ 7,904,620	$ 128,138	$ 52,408,385	$ 2,433	$ 1,543,884	$ 1,771,343	$ 63,758,803

SINGLE AUDIT SECTION

PRESNELL GAGE, PLLC
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INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of County Commissioners
Nez Perce County, State of Idaho
Lewiston, Idaho

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nez Perce County, State of Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Nez Perce County, State of Idaho's basic financial statements, and have issued our report thereon dated May 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nez Perce County, State of Idaho's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Nez Perce County, State of Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the Nez Perce County, State of Idaho's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nez Perce County, State of Idaho's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



May 31, 2023

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INDEPENDENT AUDITOR'S REPORT – *UNIFORM GUIDANCE*

Board of County Commissioners
Nez Perce County, State of Idaho
Lewiston, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Nez Perce County, State of Idaho's compliance with the types of compliance requirements identified as subject to audit in the OMB's *Compliance Supplement*, that could have a direct and material effect on each of the Nez Perce County, State of Idaho's major federal programs for the year ended September 30, 2022. The Nez Perce County, State of Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Nez Perce County, State of Idaho, complied, in all material respects, with the types of 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, 2022.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Nez Perce County, State of Idaho, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Nez Perce County, State of Idaho's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Nez Perce County, State of Idaho's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nez Perce County, State of Idaho's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Nez Perce County, State of Idaho's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Nez Perce County, State of Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Nez Perce County, State of Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of Nez Perce County, State of Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Presnell Gage, PLLC

May 31, 2023

NEZ PERCE COUNTY, STATE OF IDAHO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2022

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified	_____ yes	_X_ no
* Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_X_ none reported
Noncompliance material to financial statements noted?	_____ yes	_X_ no

Federal Awards

Internal control over major programs:		
* Material weakness(es) identified	_____ yes	_X_ no
* Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_X_ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance:	_____ yes	_X_ no

Identification of major programs:

CFDA Numbers	Name of federal program or cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	_X_ yes	___ no

NEZ PERCE COUNTY, STATE OF IDAHO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2022

Section II -- Financial Statement Findings

No matters were reported.

Section III -- Federal Award Findings and Questioned Costs

No matters were reported.

NEZ PERCE COUNTY, STATE OF IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED ACCRUAL BASIS
Year Ended September 30, 2022

	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
DEPARTMENT OF AGRICULTURE				
Passed through the State of Idaho -				
Department of Lands				
Cooperative Forestry Assistance	10.664	17-DG-11010000-014	None	$ 50,000
Schools and Roads Grants to States -				
Federal Forest Receipts	10.665		$ 830	2,670
				52,670
DEPARTMENT OF JUSTICE				
Passed through the State of Idaho -				
Department of Juvenile Corrections				
Bulletproof Vest Partnership Program	16.607		None	887
				887
DEPARTMENT OF TRANSPORTATION				
Passed through the State of Idaho -				
Department of Transportation				
Highway Planning and Construction	20.205		None	94,803
Highway Safety cluster				
State and Community Highway Safety	20.600		None	11,110
Alcohol Traffic Safety & Drunk Driving Prevention	20.601		None	8,792
National Priority Safety Programs	20.616		None	24,145
Subtotal Highway Safety cluster				44,047
				138,850
DEPARTMENT OF THE TREASURY				
Passed through the State of Idaho -				
Office of the Governor				
Coronavirus State and Local Fiscal Recovery Funds	21.027		None	4,346,293 *
				4,346,293
ELECTION ASSISTANCE COMMISSION				
Passed through the State of Idaho -				
Secretary of State				
HAVA Election Security Grants	90.404		None	31,131
				31,131
DEPARTMENT OF HOMELAND SECURITY				
Passed through the State of Idaho -				
Department of Parks and Recreation				
Boating Safety Financial Assistance	97.012	14.01.16	None	28,053
Military Division				
Emergency Management Performance Grant	97.042	EMS2020EP00003	None	71,093
Homeland Security Grant Program	97.067	EMW2021SS00070	None	17,497
				116,643
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 4,686,474

NOTE 1: BASIS OF PRESENTATION

The schedule includes federal award activity of the County under programs of the federal government for the year ended September 30, 2022. The information in this schedule is presented in compliance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* . Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* , wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: DE MINIMIS INDIRECT COST RATE

The County did not elect to use the 10 percent de minimis cost rate.

NOTE 4: MAJOR PROGRAMS

Programs indicated with "*" are major programs as reported on the schedule of findings and questioned costs.