

EXHIBIT B

Part 2

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1 didn't receive a rating, but the discussion was
 2 with legal counsel, is that basically no one
 3 would want to buy our bonds.
 4 **Q. Yeah, I think you are missing -- maybe**
 5 **I'm not speaking very clear, and asking my**
 6 **question very well. Let me try it again.**
 7 **A county can issue bonds for a new**
 8 **project; correct?**
 9 A. Correct.
 10 **Q. And a county can also issue bonds for**
 11 **an obligation, for example, a judgment; correct?**
 12 A. I am not familiar with that.
 13 **Q. Okay.**
 14 A. But I'll take your word for it.
 15 **Q. Well, let's assume that that's true.**
 16 **And I guess my question is, in your discussions**
 17 **and deliberations with the County Commissioners**
 18 **and others, who were involved in this process,**
 19 **was there a distinction drawn between bonding for**
 20 **a new project as opposed to bonding for existing**
 21 **obligations?**
 22 A. I don't recall if there was or not. If
 23 there was, I think it would have fallen under the
 24 judicial confirmation discussions, which are
 25 beyond me and my profession, so...

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1 other than the letter that I'm referring to, nor
 2 have I had discussions, myself, with anyone about
 3 that.
 4 **Q. You also mentioned an option, perhaps,**
 5 **to enter into a promissory note with Alamar?**
 6 A. Correct.
 7 **Q. Okay. And what happened to that**
 8 **option?**
 9 A. My understanding with the promissory
 10 note, is that it would have to come under the
 11 judicial confirmation process. And I really do
 12 not understand what all the issues are with that.
 13 That would have to be asked of an attorney, I
 14 believe.
 15 **Q. Okay. Was the County advised by its**
 16 **legal counsel that it could not enter into a**
 17 **promissory note with Alamar for more than one**
 18 **year duration?**
 19 A. Yes.
 20 **Q. And is that the reason why it was not**
 21 **pursued?**
 22 A. Correct.
 23 **Q. Okay. Now, in those deliberations, I'm**
 24 **assuming that this was a topic of conversation**
 25 **between yourself, the County Commissioners, and**

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1 **Q. All right. Now, you mentioned an**
 2 **option that was considered to, perhaps, increase**
 3 **the taxes; right?**
 4 A. Yes.
 5 **Q. Okay. But the County was advised by**
 6 **legal counsel, and concluded that it could only**
 7 **raise taxes by three percent a year under the**
 8 **existing statutes; is that right?**
 9 A. Correct.
 10 **Q. Okay. Did the County get an opinion**
 11 **letter from Counsel, an actual opinion letter, as**
 12 **opposed to just an oral representation, on the**
 13 **legality of raising additional taxes?**
 14 A. I have seen a letter from Carl Olson of
 15 the State Tax Commission. Well, he's actually, I
 16 think, he's in the Attorney General's Office.
 17 But anyhow, I have seen a letter from Carl Olson,
 18 that does go through that process of the three
 19 percent, and some of the legal parameters around
 20 it. If that's what you are referring to?
 21 **Q. No. My question was really, did the**
 22 **County obtain independent counsel, its own**
 23 **counsel, and get from their counsel, or its**
 24 **counsel an opinion letter?**
 25 A. I have not seen an opinion letter,

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1 perhaps others?
 2 A. Legal counsel.
 3 **Q. Okay. Now, do you remember, in those**
 4 **deliberations, about the ability to issue a**
 5 **promissory note -- was there ever -- in those**
 6 **deliberations, was there ever a distinction**
 7 **drawn, again, between new and existing debt**
 8 **issuing a promissory note, or having a promissory**
 9 **note for new as opposed to existing debt?**
 10 A. I don't recall.
 11 **Q. Do you understand what a promissory**
 12 **note is?**
 13 A. Yes, it's long-term financing.
 14 **Q. Okay. Did anybody at the County ever**
 15 **contact any local financial institutions to find**
 16 **out about the available financing options that**
 17 **they might be able to have, or present, to help**
 18 **pay for the judgment?**
 19 A. My understanding is that our legal
 20 counsel did so.
 21 **Q. Do you know who?**
 22 A. No, I do not.
 23 **Q. Do you know what institutions?**
 24 A. Referring, actually, to bonding, and
 25 that was from Mr. Mike Moore. That was

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1 specifically regarding bonding.
 2 **Q. Okay. So it was specifically regarding**
 3 **bonding. Okay.**
 4 **Did anybody from the County, or the**
 5 **County's other representatives, attorneys, or**
 6 **anybody else, did they ever talk to any local**
 7 **financial institutions about other financing**
 8 **options alone; anything else?**
 9 A. I personally did not speak to any
 10 financial institutions.
 11 **Q. Do you know of anybody at the County**
 12 **who did?**
 13 A. I'm not aware of anyone.
 14 **Q. Now, another option considered, if I**
 15 **understand your testimony correctly, was to see**
 16 **whether or not the judgment could be paid from**
 17 **the County's existing assets; is that right?**
 18 A. Correct.
 19 **Q. Okay. But what was the problem with**
 20 **that?**
 21 A. Well, in order to pay that from our
 22 existing assets, we would have to determine where
 23 the funding would come from, specifically, which
 24 funds would provide that cash amount.
 25 **Q. Okay. So you had to find out what**

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1 **funds. But what was the problem with finding out**
 2 **what funds?**
 3 A. The funds, other than the general fund,
 4 have restrictions upon those funds, statutory
 5 restrictions as to what the funds can be used
 6 for.
 7 **Q. Okay. So as I understand it, the**
 8 **problem was, that the County Commission allocates**
 9 **its cash assets to particular funds; correct?**
 10 A. I would not use the word "allocates."
 11 The County accounts for each of its funds
 12 distinctly and separately; revenues coming in,
 13 expenses going out. And the cash accounts are
 14 maintained separately by the treasurer.
 15 **Q. Okay. Let me back up, then. The**
 16 **County Commission -- if you don't like the word**
 17 **"allocates," let's use the word "budgets." The**
 18 **County Commission budgets its cash assets into**
 19 **particular funds: road and bridge, indigency,**
 20 **junior college tuition payments, whatever, all of**
 21 **the various funds that the County has; is that**
 22 **fair?**
 23 A. The budget is created for revenues and
 24 expenses for each individual fund.
 25 **Q. And the County Commission does that;**

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1 **correct?**
 2 A. They have the ultimate authorization,
 3 yes.
 4 **Q. Okay. And if I understand what your**
 5 **testimony is then, is that the County believes**
 6 **that the monies in those funds, in all of those**
 7 **funds, except for the general fund, are**
 8 **restricted for other uses; and therefore, cannot**
 9 **be paid, or cannot be used to pay the judgment?**
 10 A. Correct.
 11 **Q. Okay. Now, I think you've already**
 12 **described for me what a fund is. It is not an**
 13 **account; correct?**
 14 A. Correct.
 15 **Q. It's not where the money is actually**
 16 **held; right?**
 17 A. Correct.
 18 **Q. Instead, it's a budgeting mechanism to**
 19 **be able to understand the flow of money, where**
 20 **it's going, what it's being used for?**
 21 A. Yes.
 22 **Q. In a general sense?**
 23 A. Yes.
 24 **Q. Is that fair?**
 25 A. Yes.

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1 **Q. Okay. And I think you've already told**
 2 **me, that it's the County Commission that has**
 3 **ultimate say of the allocation, or the budgeting**
 4 **of the money to the individual funds; right?**
 5 A. Correct.
 6 **Q. Okay. Let's turn to Exhibit 101, just**
 7 **to make sure that we understand what it is that**
 8 **we're talking about.**
 9 A. (Witness complying.)
 10 **Q. I think you've already identified this**
 11 **document as the fiscal year 2011 budget?**
 12 A. Yes.
 13 **Q. All right. And it is organized by**
 14 **County fund?**
 15 A. Yes.
 16 **Q. And if you go to the fourth page.**
 17 A. (Witness complying.) Okay.
 18 **Q. You know, why don't you go back one**
 19 **page?**
 20 A. (Witness complying.)
 21 **Q. No, it's the -- that's the fourth page.**
 22 **All right. The fourth page of the exhibit, about**
 23 **two-thirds of the way down, there is a box that**
 24 **is entitled, "Boise County estimated revenue by**
 25 **FY 2011." Do you see that?**

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1 A. Yes, I do.
2 Q. All right. Now, this is just a summary
3 line item of the various funds that the County
4 has; correct?
5 A. Yes.
6 Q. And in the first column to the left,
7 that is the budget that the County Commission
8 approved; correct?
9 A. Yes, the total budget for each
10 individual fund.
11 Q. Now, there is no minimum requirement
12 for funding any of these funds; right?
13 A. Not to my knowledge.
14 Q. Okay. And is it fair to say, that the
15 funds track the activities and obligations that a
16 County budgets for? That's why you do it by
17 fund; right? The County knows that it has to
18 fund for bridges and roads, so it has a fund for
19 bridges and roads, and it allocates money for
20 that purpose; fair?
21 A. Correct, yes.
22 Q. And that's true for all of the various
23 line items here. This shows kind of what the
24 governmental functions are that the County wants
25 to fund; is that fair?

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1 A. Yes.
2 Q. Okay. Now, there is no fund
3 specifically designated for paying debts, such as
4 the judgment; is that right?
5 A. There is not.
6 Q. Okay. And that's true, even though
7 that debt, such as the judgment, is a legal
8 obligation; correct?
9 A. That is correct.
10 Q. Okay. And do you believe that it is
11 one of a municipality's proper functions and
12 duties to pay its debts, including judgments?
13 A. Yes, I do.
14 Q. Okay. Now, do you know what a warrant
15 redemption fund is?
16 A. I do not.
17 Q. You've never heard that term before?
18 A. No.
19 Q. Okay. Would you agree with me, that on
20 Exhibit 101, and as we look down the list of
21 funds, Boise County does not have a warrant
22 redemption fund set up?
23 A. No, they do not.
24 Q. Okay. I think you told me before
25 that -- and told the Court that, regardless of

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1 whatever fund the Commission has budgeted its
2 cash assets to, all of those cash assets are
3 commingled into a number of accounts?
4 A. I disagree with your word "commingle."
5 Q. Okay.
6 A. I think it's -- I look at it as two
7 separate and distinct systems. There is the
8 accounting system that accounts on a cash basis,
9 the activities of each individual fund, the ins
10 and the outs of those funds, individually. And
11 the other system is the management of the cash
12 accounts.
13 Q. I understand. But let me make sure
14 that you understand my question. I'm saying
15 that, it doesn't -- I think you and I are on the
16 same page, and just to make sure. Regardless of
17 how the funds are, and the monies are allocated
18 for the different funds, regardless of that, all
19 of that money is commingled into various accounts
20 at financial institutions?
21 A. Yes.
22 Q. Okay.
23 A. Yes, I agree with that.
24 Q. Okay. In other words, no fund has its
25 own separate account?

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1 A. Correct. Correct.
2 Q. And just to make sure that we are
3 understanding each other, why don't you look at
4 Exhibit 118 at page 8?
5 A. (Witness complying.)
6 Q. First of all, can you tell me what 118
7 is? Do you recognize this as your disclosure
8 statement, filed on behalf of Boise County?
9 A. Yes.
10 Q. Okay. If you go to page 8, and you
11 look at the separate paragraph, under the
12 enumerated paragraph No. 3. Do you see that?
13 A. Yes, I do.
14 Q. It states, "A major factor to consider
15 was none of these assets was ever exclusively put
16 into a separate account for this purpose,
17 rather" --
18 A. I'm sorry. Excuse me.
19 Q. Yes.
20 A. Did you not say, the second paragraph?
21 Q. The second paragraph, under enumerated
22 No. 3.
23 A. Oh, I'm sorry. That's right. I
24 apologize. Okay.
25 Q. Not a problem. Let me start over. And

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1 it starts in about halfway through the second
2 sentence is where I'll begin. It says, "A major
3 factor to consider is that none of these funds
4 was ever exclusively put into a separate account
5 just for this purpose, rather the funds were
6 split-up and put into various accounts, which
7 also contained the general fund monies, surplus
8 monies, and other nonrestricted funds."
9 Do you see that?
10 A. Yes, I do.
11 Q. Okay. And then did I read that
12 correctly?
13 A. Yes.
14 Q. And that's true; correct?
15 A. Yes.
16 Q. Okay. Now, in trying to determine what
17 options were available to pay the judgment, did
18 the County undertake an analysis to determine
19 what funds it thought could be used to pay the
20 judgment?
21 A. Yes.
22 Q. Okay. And did the County come to a
23 determination about what funds it could use?
24 A. Yes, we did.
25 Q. Okay. When did that happen?

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1 A. I could, maybe, give you a month.
2 Q. Okay. January?
3 A. Oh, no.
4 Q. February?
5 A. No. I would say, in terms of from my
6 perspective, where we felt confident about the
7 information, probably, April. And I'm guessing,
8 just because a lot has happened in the last six
9 months.
10 Q. It sounds to me like the April time
11 frame then, is a time when a final determination
12 was made. Have there been previous kind of
13 determinations made about what funds could be
14 used?
15 A. Well, I would say, that that concept
16 was being explored from the very start.
17 Q. Okay.
18 A. But that it did take time to analyze.
19 And much of it was with the assistance of legal
20 counsel, to determine, in fact, for each and
21 every fund, what kind of restrictions there were,
22 including levy limits within those funds. So it
23 was a process that occurred.
24 Q. Was there something written that you
25 received from your counsel, that went through the

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1 different funds, and said whether or not they
2 were available or not available, and to perhaps,
3 to what extent they might have been available?
4 A. No, not to what extent. Information
5 about funds, in terms of statutes that govern
6 those funds, and what restrictions, if any, were
7 on them.
8 Q. So is it fair to say, that up until
9 April, perhaps, the County had differing ideas,
10 or at different points had different ideas in
11 time about what funds might or might not be
12 available?
13 A. I think the County had never been faced
14 with this type of issue before, so it was very
15 much a learning process to determine.
16 Q. Okay.
17 A. And, you know, the people involved, for
18 the most part, were elected officials. And
19 anyone -- any elected official who takes their
20 job seriously, which I certainly do, would not
21 want to do something contrary to a statute
22 requirement.
23 Q. Okay. Well, let me ask you this, then.
24 In April, this April period that we're talking
25 about, in which the County made a determination

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1 about what funds could be used, what fund was it,
2 or funds were they, that the County ultimately
3 kind of landed on that, those that could be used
4 to help pay the judgment?
5 A. Ultimately, it pretty much got down to
6 the general fund, and that was it.
7 Q. And for the other funds -- again, let
8 me make sure I understand. For the other funds
9 the County had been advised, and had concluded
10 that the money could not be used, because those
11 funds were dedicated or restricted to other uses?
12 A. Correct. With one exception, and that
13 was solid waste -- yes, solid waste. And I
14 believe it still stands, that there is the
15 possibility of doing a one-time borrowing from
16 that particular fund, or some portion of it.
17 Q. Okay. But other than the general fund,
18 and the solid fund -- solid waste fund, it's true
19 that the County had been advised, and had
20 concluded that the other funds were dedicated or
21 restricted, and could not be used to pay the
22 judgment?
23 A. Yes.
24 Q. Okay. And how did they become
25 dedicated? Was it --

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<p>1 A. I don't know if I would say, dedicated. 2 Q. Well, that's what you've said. 3 A. But what we've looked at -- what we've 4 looked at is for each fund, what the purpose of 5 that fund is for. 6 Q. Okay. 7 A. And then what the guidance is within 8 state law as to how those monies can be used. 9 Q. And the money is put into the funds by 10 the -- ultimately, by the County Commission? 11 A. This is true. 12 Q. Okay. So since the judgment, has the 13 County Commission ever reconvened to reallocate 14 the budgets for all of the various funds? 15 A. No. 16 Q. They haven't tried to go back and 17 reallocate, and say, okay. We're going to pull 18 some money out of this one. And through the 19 budgetary process, allocate it to a new fund to 20 pay the judgment? 21 A. Well, I guess my limited understanding 22 at this point would be, that would be illegal. 23 Q. Are you saying, that the County 24 cannot -- the County Commission cannot reconvene 25 and through a budgetary process reallocate monies Page 133</p>	<p>1 requirements are, and the limitations are with 2 regards to those funds. 3 Q. So the answer is, no, it has not been 4 discussed? 5 A. Not to my knowledge. 6 Q. Ms. Prisco, now while the County was 7 trying to figure out what to do with the 8 judgment, and trying to analyze the various 9 options that it had. Again, you understood that 10 Alamar wanted to get paid; right? 11 A. Yes. 12 Q. And by late February, the County had 13 made a settlement offer, I think, we looked at a 14 letter, dated February 22nd; is that right? 15 A. Yes. 16 Q. Okay. Now, it is correct, isn't it, 17 that other than the judgment, all of the other 18 debts that the County had as of the time of the 19 petition date, February 1, the County was current 20 with; isn't that right? 21 A. As of what date? 22 Q. February 1, the petition date, the 23 County had been paying and was current on all of 24 its debts; correct? 25 A. The petition date was March 1st. Page 135</p>
<p>1 in its budget? 2 A. It can reallocate from the general 3 fund. But if you had a fund that has certain 4 uses associated with it, then I guess I'm not 5 following how they would be able to legally do 6 that. 7 Q. Okay. So let me make sure I 8 understand. Is it your testimony, that your 9 understanding of the budgetary process, is that 10 once the County Commission budgets a certain 11 amount of money for a particular fund, it is set 12 in stone, and cannot be reallocated in any 13 fashion, or in any -- through any process? 14 A. That's my understanding. 15 Q. Okay. Has the County obtained legal 16 advice on that particular point? 17 A. Not to my knowledge. 18 Q. Has the idea of reconvening and through 19 a supplementary budget process, reallocating the 20 funds in the various funds -- or reallocating the 21 money in the various funds to another fund, to 22 pay the judgment, even been discussed? 23 A. I don't know that it would have 24 specifically been discussed, because what we've 25 focused on is with each individual fund, what the Page 134</p>	<p>1 Q. I'm sorry. What did I say? 2 A. February. 3 Q. Yes, March 1. 4 A. Yes. 5 Q. Okay. And other than the judgment, the 6 County has been able to pay its debts as they 7 come due; correct? 8 A. It has, but we have not paid -- I mean, 9 for items after filing bankruptcy, for example, 10 the equipment leases, we have not made payment on 11 those. 12 Q. But as of the petition date, the County 13 had been able to pay -- 14 A. As of that -- 15 Q. -- debts? 16 A. As of that date, yes. 17 Q. And other than the judgment, isn't it 18 correct, that the County will be able to pay its 19 foreseeable debts as they come due through fiscal 20 year 2011? 21 A. I guess it might depend on what happens 22 with the indigent claims. 23 Q. Well, let's take a look. 24 MR. HINDLEY: Your Honor, I'm not quite 25 sure how you would like me to do this. I can Page 136</p>

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1 either publish her deposition, 2004 examination,
2 or it's already been marked as an exhibit. I
3 could publish it, the Court would rather me do
4 that, and hand an original up to the witness, or
5 we can use this one.
6 MR. CLARK: We'll stipulate it in.
7 THE COURT: Mr. Clark is willing to
8 stipulate. Let's just use the exhibit.
9 MR. HINDLEY: That's fine, Your Honor.
10 MR. CLARK: I thought that was already
11 in, Your Honor. I mean, it's --
12 MR. HINDLEY: I just wanted to make
13 sure that it was the Judge's preference not to
14 have an original, or if this was going to be
15 okay.
16 **Q. (BY MR. HINDLEY) Do you remember me**
17 **taking your deposition?**
18 A. How could I forget?
19 **Q. If you would look at Deposition Exhibit**
20 **No. 213?**
21 A. (Witness complying.)
22 MR. CLARK: Exhibit 213, correct?
23 MR. HINDLEY: Exhibit 213.
24 THE WITNESS: 213, you said?
25 MR. HINDLEY: Yes.

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1 THE WITNESS: Okay.
2 **Q. (BY MR. HINDLEY) Page 56.**
3 A. (Witness complying.) Okay.
4 **Q. Lines 15 through 19, in fact, let's**
5 **start up on 12. On 12, I ask the question, "And**
6 **other than the judgment, the County has been able**
7 **to pay its debts as they come due; right?" And**
8 **your answer is?**
9 A. "Yes."
10 **Q. Okay. And the next question is, "Other**
11 **than the judgment, the County will be able to pay**
12 **its debts, foreseeable debts as they come in the**
13 **future, as far as you can tell?" And you say?**
14 A. "Through fiscal year 2011, I feel
15 confident in that."
16 **Q. Okay. And was that a true and correct**
17 **answer?**
18 A. At that time, yes.
19 **Q. Okay. Has anything changed?**
20 A. Well, I bring up the indigent claims,
21 because we've already experienced a few
22 surprises. So I do have some concern that there
23 might be more out there. There may not be. I
24 don't know.
25 **Q. Okay. Now, you have told me that the**

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1 **indigent fund is estimated to be \$550,000;**
2 **correct --**
3 A. Or --
4 **Q. -- \$550,000 for the indigent fund**
5 **claims?**
6 A. Right, for claims recommended to 2010.
7 **Q. Okay.**
8 A. Yes.
9 **Q. And you knew that number at the time**
10 **that the deposition was taken; correct?**
11 A. I probably -- yeah, I probably did.
12 **Q. Okay. And despite knowing that number**
13 **at that time, you still testified under oath at**
14 **the deposition, that the County could pay its**
15 **debts as they come due through fiscal year 2011?**
16 A. Right.
17 **Q. Correct --**
18 A. Right.
19 **Q. Okay. So it's true, is it not, that**
20 **the issue that prompted the County to enter into**
21 **bankruptcy was the judgment, and how the County**
22 **was going to pay the judgment?**
23 A. Given that the settlement offer that
24 was made on February 22nd was declined, yes.
25 **Q. Okay. But fair enough. So because of**

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1 **the outstanding judgment, and the fact that the**
2 **County could not reach settlement with Alamar,**
3 **that's the reason why the County filed for**
4 **bankruptcy; right?**
5 A. And because there was a belief that
6 there was going to be a writ of execution, or
7 however, it was going to happen, I'm not sure,
8 but that our cash would be to -- Alamar would
9 come and take the cash from our bank accounts.
10 **Q. Fair enough. The County didn't want**
11 **Alamar coming in and taking its bank accounts,**
12 **based on the judgment; fair?**
13 A. Fair enough.
14 **Q. Okay. So, but for the Alamar judgment,**
15 **and the idea that Alamar might come in and seize**
16 **the assets, the County would not have filed for**
17 **bankruptcy; right?**
18 A. I don't believe so.
19 **Q. I'm correct; right?**
20 A. You are correct.
21 **Q. Yeah, I just wanted to make sure that**
22 **we were -- I got your right answer on that.**
23 **Prior to taking, or prior to filing the**
24 **bankruptcy petition, however, the County did not**
25 **undertake an insolvency analysis; is that**

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1 correct?
 2 A. We did not.
 3 **Q. Instead, the County claimed insolvency**
 4 **was based on the purported inability to pay the**
 5 **judgment, and meet its other required**
 6 **expenditures; is that fair?**
 7 A. That's fair.
 8 **Q. Okay. Now, the bankruptcy**
 9 **idea -- well, let me rephrase.**
 10 **Now, are you the one who puts together**
 11 **the agendas for the County Commission meetings?**
 12 A. Yes, I do.
 13 **Q. And the bankruptcy idea was, first,**
 14 **kind of being floated at the end of -- well, I**
 15 **shouldn't say, first being floated. The petition**
 16 **really kind of -- I guess the idea -- the**
 17 **County's decision to file the petition was**
 18 **earnestly being discussed in late February, after**
 19 **the February 22nd meeting didn't go well?**
 20 A. I agree.
 21 **Q. Is that fair?**
 22 A. I agree with that.
 23 **Q. Okay. And there was a meeting on**
 24 **February 28th; is that right?**
 25 A. Yes, that was a regularly -- regular

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1 session of the Board of County Commissioners.
 2 **Q. All right. Please, look at Exhibit**
 3 **210.**
 4 A. (Witness complying.) Okay.
 5 **Q. Can you tell me what this is?**
 6 A. It's the amended agenda for the Boise
 7 County Board of Commissioners for Monday,
 8 February 28th, 2011.
 9 **Q. On the first page, at the time slot for**
 10 **4:00. At 4:00, it states, "Pending litigation?"**
 11 **"No." "Executive session per IC6-7-234(1)(f)**
 12 **pending litigation to consider consultation and**
 13 **advice from legal representatives on Alamar**
 14 **litigation." Is that right?**
 15 A. Correct.
 16 **Q. You would agree with me, that nothing**
 17 **on this agenda says anything about the County**
 18 **Commission contemplating filing for bankruptcy?**
 19 A. No, it does not.
 20 **Q. Okay. And, in fact, would you agree**
 21 **with me, that there was no notice given to the**
 22 **public, prior to the February 28th meeting, that**
 23 **the Commission was going to consider putting**
 24 **itself into bankruptcy?**
 25 A. No, I mean, we would not.

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1 **Q. Okay. Tell me where the public notice**
 2 **came from. In what form did it take?**
 3 A. The public notice was done after -- my
 4 recollection is that after the Commission came
 5 out of executive session, it was announced that
 6 the County would file bankruptcy. And then are
 7 you asking me what communications ensued
 8 subsequent to that?
 9 **Q. Yeah. I guess my question was: Was**
 10 **there any public notice, prior to the February**
 11 **28th meeting, that the County Commission would**
 12 **consider putting itself into bankruptcy?**
 13 A. No.
 14 **Q. Okay. Now, there --**
 15 MR. HINDLEY: Your Honor, I move for
 16 the admission of Exhibit No. 210.
 17 THE COURT: Mr. Clark?
 18 MR. CLARK: I have no objection to it.
 19 THE COURT: 210 is admitted.
 20 (Exhibit 210 admitted into evidence.)
 21 **Q. (BY MR. HINDLEY) Are minutes prepared**
 22 **after the Commission meetings?**
 23 A. They are.
 24 **Q. And are you responsible for those?**
 25 A. I am.

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1 **Q. Okay. Please turn to Exhibit**
 2 **No. 213 -- I'm sorry -- 211.**
 3 A. (Witness complying.) Okay.
 4 **Q. Can you tell me what these are?**
 5 A. These are the minutes for the Monday,
 6 February 28th, 2011 Board of County Commissioners
 7 for Boise County meeting.
 8 **Q. If you go to the fourth page of the**
 9 **document, at the bottom of the page, there is a**
 10 **paragraph that begins, "Chair person, Jamie A.**
 11 **Anderson." Do you see that?**
 12 A. Yes.
 13 **Q. Now, in that paragraph, it reflects**
 14 **that at the end of this meeting, Chair Person**
 15 **Anderson made a motion to go into executive**
 16 **session; correct?**
 17 A. That's correct.
 18 **Q. Executive session is a non-public**
 19 **event; is that correct?**
 20 A. That is correct.
 21 **Q. Okay. And in that non-public event**
 22 **meeting, the Alamar situation and judgment was**
 23 **discussed; correct?**
 24 A. That is correct.
 25 **Q. And bankruptcy was discussed; correct?**

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39 (Pages 141 to 144)

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1 A. That is correct.
2 Q. Okay.
3 A. In executive session.
4 Q. In the executive session?
5 A. Yes.
6 Q. The Commissioners then came back out
7 into the public forum, and approved the
8 resolution; is that correct?
9 A. Yes.
10 Q. Okay. And prior to the approval of
11 that resolution by the County Commission, isn't
12 it true, that there was no public forum to
13 discuss the vote on the resolution?
14 A. That would be correct.
15 Q. Okay. Now, you mentioned in your
16 direct testimony, that the County Commission had
17 concluded that a bond would not pass; is that
18 right?
19 A. Yes.
20 Q. Okay. No formal survey, or even
21 informal survey was conducted for that?
22 A. No, but it's a pretty small county. So
23 I think that, you know, it's a little bit easier
24 to get the pulse of what the community believes.
25 Q. Okay. How many people did you talk to?

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1 A. Correct.
2 Q. Okay. Was there ever a discussion
3 among the County Commissioners, though, about
4 given the option of either approving a bond or
5 filing for bankruptcy, what option the people of
6 the County would prefer?
7 A. I don't recall that being a discussion.
8 Q. Let's switch gears a little bit, and
9 talk about the negotiations, the settlement
10 negotiations. As I understand your direct
11 testimony, you were involved in some of the post
12 judgment negotiations between the County and
13 Alamar; is that right?
14 A. Yes.
15 Q. And you've already testified that you
16 were at that meeting on February 22nd?
17 A. Yes, I was.
18 Q. All right. And the settlement that the
19 County made is reflected in Exhibit 204; right?
20 A. Correct.
21 Q. And it's true that this was the only
22 settlement offer that was made to Alamar prior to
23 filing the petition; isn't that right?
24 A. That's correct.
25 Q. And the first paragraph of this letter,

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1 A. Friends and neighbors. I don't know.
2 Q. Ten?
3 A. It would have to be more than that.
4 Q. Did you personally talk to more than
5 ten people about whether or not they had a vote
6 for a bond?
7 A. Not prior to March 1st.
8 Q. Okay. Fair enough. Not prior to
9 petition?
10 A. Prior to March 1st.
11 Q. And do you know how many of the other
12 County -- how many other people the County
13 Commission members spoke with?
14 A. No, I have no idea.
15 Q. All right. Was there any discussion,
16 or hasn't there been any discussion, about
17 whether or not the people of Boise County would
18 rather pay a bond or file for bankruptcy?
19 A. Can you -- can you ask the question
20 again, please?
21 Q. Well, sure. You said that the County
22 Commission kind of took the pulse of the County,
23 and decided by whichever means it did, that the
24 County population would not support a bond by a
25 two-thirds vote; fair?

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1 there is a reference to a meeting on 2-15, on
2 February 15th?
3 A. Yes.
4 Q. And you were at that meeting; correct?
5 A. I was.
6 Q. In the second sentence, it says, "We,"
7 and that's the County; right? It says, "We have
8 considered your offer to cap your judgment to
9 \$5,000,000 in exchange for some cash payments and
10 agreement for the County to pay the balance over
11 time."
12 Did you understand that to be Alamar's
13 offer at the February 15th meeting?
14 A. I did.
15 Q. Okay. Now, page 2 states that, "The
16 Boise County Clerk has undertaken an extensive
17 review of the County's funds, and that a summary
18 of the information was attached." And that is
19 all of the information after page 3 of this
20 exhibit; correct?
21 A. Yes.
22 Q. All right. So looking at the first
23 page of that financial information, is the sheet
24 that says, negotiation -- or is the cash flow
25 analysis. Do you have that page?

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40 (Pages 145 to 148)

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1 A. Yes.
2 **Q. All right. You know, what? Let me**
3 **back up just for one second, before going on to**
4 **this. I've got a couple questions -- more**
5 **questions about this, about the letter, and page**
6 **2.**
7 MR. CLARK: Still on 204?
8 MR. HINDLEY: Yes, still on 204, page
9 2.
10 MR. CLARK: All right.
11 **Q. (BY MR. HINDLEY) In the second**
12 **paragraph, the first full paragraph, though, of**
13 **page 2, and right before the enumerated**
14 **paragraphs, starting 1, 2, 3. There is a**
15 **sentence that says, "At this time, the County**
16 **Commissioners are prepared to enter into a court**
17 **approved settlement agreement to pay a judgment**
18 **up to 3.2 million dollars with no interest**
19 **accruing as follows:" Did I read that correctly?**
20 A. Yes.
21 **Q. What does that mean, "up to"?**
22 A. Well, I would assume it means, 3.2
23 million dollars or less.
24 **Q. Okay. Do you know how much less?**
25 A. No.

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1 **Q. All right. Look at the first bullet**
2 **point -- or not the bullet point, the enumerated**
3 **paragraph. In that paragraph, there was a cash**
4 **payment that was offered of 1.9 million dollars;**
5 **is that right?**
6 A. Yes.
7 **Q. And you've testified earlier that this**
8 **1.9 million dollars was a compilation -- a quote,**
9 **"compilation of different items."**
10 A. Correct.
11 **Q. Now, I understand that there was a 1.2**
12 **million -- I just want to make sure I got your**
13 **testimony right. You said that there was a 1.2**
14 **million dollar component that was comprised of**
15 **the trust accounts; is that right? And the solid**
16 **waste, and then the remaining came -- the**
17 **remaining 1.7 came from the Freddie Mac**
18 **investment. Is that the best of your**
19 **recollection?**
20 A. The best of my recollection, between
21 the 1.2 and the 1.9, my only recollection is, I
22 believe, it was discussion about using the
23 Freddie Mac investment.
24 **Q. Okay. Was the solid waste fund the**
25 **only fund that money was coming out of?**

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1 A. I don't recall. There might have been
2 some other smaller funds. I don't remember.
3 Solid waste was certainly the large one of any
4 materiality.
5 **Q. I'm sorry. I didn't hear that.**
6 A. Of any materiality.
7 **Q. Of any materiality. Okay. And the**
8 **County Commission, if I understand your testimony**
9 **previously, that it was borrowing from these**
10 **other funds; right?**
11 A. The solid waste.
12 **Q. From the solid waste funds?**
13 A. Yes.
14 **Q. And the County had determined that it**
15 **could borrow those funds, or from that fund;**
16 **right? Is that right?**
17 A. That's correct.
18 **Q. Okay. And do you remember the problem**
19 **as to why it could not, or was unwilling to**
20 **borrow from other funds?**
21 A. I don't recall.
22 **Q. The second paragraph relates to some**
23 **property tax forgiveness; is that right?**
24 A. That's correct.
25 **Q. On a particular piece of property, or a**

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1 **particular development; is that right?**
2 A. Yes.
3 **Q. Now, it's true, though, that Alamar is**
4 **not the tax debtor on that property; isn't that**
5 **right?**
6 A. That's correct.
7 **Q. Okay.**
8 A. It's Eagle Springs.
9 **Q. Okay. It's Eagle Springs. And you are**
10 **not -- you don't know what the makeup of Eagle**
11 **Springs is, or what the Alamar's principal's**
12 **interest in Eagle Springs is; isn't that correct?**
13 A. I have not looked at any incorporation
14 documents. I have been told by the treasurer
15 that the same parties --
16 **Q. That's --**
17 A. -- of Alamar are the same parties in
18 Eagle Springs.
19 **Q. Okay. Let me ask again. Do you know**
20 **the -- do you have any personal knowledge of the**
21 **Alamar principals' interests in Eagle Springs;**
22 **what that interest is? Do you have any personal**
23 **knowledge?**
24 A. Does a letter from Mr. Oaas count -- to
25 me?

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41 (Pages 149 to 152)

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1 **Q. Did Mr. Oaas state something to you?**
2 A. Well, I have received two letters from
3 Mr. Oaas, directing me to pay any proceeds from
4 the settlement to various places.
5 **Q. Okay.**
6 A. I'm trying to remember if that's on
7 there.
8 **Q. All I'm asking for is, do you know if**
9 **he owns 10 percent, 100 percent, anything else?**
10 A. I don't know.
11 **Q. Okay. And that's true for both of the**
12 **Alamar principles; correct? You don't know what**
13 **their stake is in Eagle Springs?**
14 A. Correct. Correct, do not.
15 **Q. Fair enough.**
16 A. Fair enough.
17 **Q. The fourth paragraph relates to a three**
18 **percent -- or I should say, a payment of the**
19 **three percent tax increase annually for ten**
20 **years; is that right?**
21 A. Yes.
22 **Q. Okay. And of the 3.2 million dollars,**
23 **that three percent tax to be paid over ten years**
24 **accounted for, approximately, a little over a**
25 **million dollars?**

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1 A. Correct.
2 **Q. Is that right?**
3 A. Yes.
4 **Q. All right. And were you the one who**
5 **calculated the three percent tax, and what it**
6 **would accumulate to after ten years?**
7 A. Actually, that was calculated by
8 Commissioner Anderson, although I did check
9 her -- the numbers.
10 **Q. All right. And do you think that that**
11 **figure is realistic?**
12 A. Yes.
13 **Q. Okay. But you agree with me, that it**
14 **could be either more or less?**
15 A. I suppose. I mean, it's three percent
16 is three percent. So I'm not sure what your
17 question is. It's a very direct calculation. I
18 mean, it just takes our property tax budget for
19 fiscal year 2011, and increases that by three
20 percent each year. Maybe you are referring to
21 how much is actually going to be collected of
22 that?
23 **Q. That's exactly what I'm asking.**
24 A. Okay. Yeah, that is unknown.
25 **Q. That is unknown? Whether or not it's**

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1 going to be 1,059,000, as represented on this
2 particular page, or less than a million dollars,
3 is unknown?
4 A. Correct.
5 **Q. Okay. Now, if it is less than the**
6 **million dollars, the offer was to pay Alamar less**
7 **money, because it was going to be capped at the**
8 **amount of the three percent tax increase;**
9 **correct?**
10 A. Yes.
11 **Q. All right. If it were more than that,**
12 **though, isn't it true, that Alamar would not have**
13 **taken any of the upside of that increase in**
14 **property taxes? They weren't going to get any**
15 **more than 3.2 million dollars?**
16 A. With regards to the three percent, it
17 is -- that is the cap. So we would not be able
18 to get more from the property tax, three percent
19 apiece.
20 **Q. I thought you just said, that it**
21 **could -- the actual receipts from property taxes**
22 **could be more or less than the 1,059,000 shown on**
23 **this page?**
24 A. No, it could be less, but it's not
25 going to be more.

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1 **Q. And why is that?**
2 A. Because of the three percent cap.
3 **Q. Okay.**
4 A. That's the max amount that we could
5 levy.
6 **Q. How much less could it have gone?**
7 A. I have no idea. I don't have a crystal
8 ball.
9 **Q. Right. Any guess?**
10 A. Are you talking about shortfall, and I
11 think -- I don't know what other counties would
12 experience or anything like that. I would guess
13 anywhere from five to ten percent.
14 **Q. All right. The variable rate of this**
15 **is somewhere between five and ten percent -- and**
16 **let me make clear what my question is.**
17 **The amount shown on page -- on the**
18 **fourth page of this exhibit discussing the**
19 **property taxes, the 1.59 million dollars, is an**
20 **approximation, but it could be anywhere between**
21 **five and ten percent less than that amount?**
22 A. It could be any degree less than that.
23 I have no idea.
24 **Q. Fair enough. But whatever it was,**
25 **however much less it ultimately came in at,**

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42 (Pages 153 to 156)

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<p>1 Alamar was not going to make that money up? 2 A. On the three percent, no. 3 Q. Okay. All right. Now, turning to the 4 cash analysis page of this exhibit. 5 A. (Witness complying.) Okay. 6 Q. This is something that you created; 7 correct? 8 A. Yes, at -- well, Edwin Eichelhoff is 9 the independent contractor I hired to develop the 10 model. And so I worked with him in putting it 11 together. But it is -- it is, ultimately, my 12 product. 13 Q. All right. And there is a column here 14 for the 2010 total that says, "Actuals," on top? 15 A. Yes. 16 Q. So those are the amounts shown on the 17 various line items that were actual as of 18 February? 19 A. You are referring to the 2000 total 20 column? 21 Q. Yes. 22 A. That would have been for the fiscal 23 year of 2010. 24 Q. Okay. And then the next column is the 25 projected for fiscal year 2011; right?</p> <p style="text-align: right;">Page 157</p>	<p>1 Q. Do you see the line item there for 2 "Revenues"? 3 A. Yes. 4 Q. All right. Now, on this sheet, and 5 other cash flow models that you've produced in 6 this case Exhibits 1, 11 and 12, and I think 101, 7 the revenues line shows the amount of revenues to 8 be brought in during the course of the reporting 9 period; isn't that right? 10 A. Yes. 11 Q. All right. And the expenditure line 12 item, that figure on this cash flow and other 13 similar cash flows, show the amount of the 14 County's budget expenses to be paid out during 15 the course of that reporting period; right? 16 A. Correct. 17 Q. It also has a line item for other 18 sources, and then in parens it has the word 19 "(uses)"; right? 20 A. Yes. 21 Q. Right? 22 A. Uh-huh, yes. 23 Q. All right. What is that? 24 A. Other sources and uses of cash. So 25 everything that doesn't fall into revenue -- the</p> <p style="text-align: right;">Page 159</p>
<p>1 A. Correct. The first quarter would have 2 been actual at the point that this was prepared. 3 And I think this was prepared sometime towards 4 the end of January. So it would just be the 5 first quarter of 2011. So October through 6 December would have been actual, and the rest 7 projected. 8 Q. All right. Fiscal year 2011 starts in 9 October of 2010, and runs through September of 10 2011; right? 11 A. Yes. 12 Q. All right. And fiscal year 2010 then, 13 ran from October 2009 through September of 2010? 14 A. Right, correct. 15 Q. All right. Now, this page has a line 16 item that says, "Revenues"; correct? 17 A. I guess on -- mine is cut off. But 18 I'll look at this here -- 19 Q. You -- 20 A. -- on my copy in the book it -- 21 Q. You might be two pages ahead. 22 A. Exhibit 204? 23 Q. Uh-huh, it's the first page after the 24 signature page at the letter. 25 A. Oh, excuse me. Yes.</p> <p style="text-align: right;">Page 158</p>	<p>1 classification of revenues or expenditures, 2 within the accounting system, that does affect 3 the cash balance goes into other sources and 4 uses. 5 Q. Right. And then if it's a positive 6 number, that's a net benefit to the County. And 7 if it's in parenthesis, then that's a debit, in a 8 sense, to the County? 9 A. Yes. 10 Q. All right. Of the County's cash flow, 11 this one and the other exhibits have a, quote, 12 "Net change in cash balance" line item. Do you 13 see that? 14 A. Yes. 15 Q. What does that figure represent? 16 A. It represents revenues, less 17 expenditures, and then plus or minus as the case 18 may be, other sources or uses. 19 Q. Okay. And at the bottom it has a line 20 item for cash balance beginning, and a cash 21 balance ending; is that right? 22 A. Correct. 23 Q. And the cash balance beginning for 24 2010, is a carryover figure from cash balance 25 ending for fiscal year 2009; wouldn't that be</p> <p style="text-align: right;">Page 160</p>

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1 correct?
 2 A. Correct.
 3 **Q. All right. And so then that cash**
 4 **balance ending figure, then, becomes the cash**
 5 **balance beginning figure for 2010?**
 6 A. Correct.
 7 **Q. All right. So it's an accumulation**
 8 **over years; is that correct?**
 9 A. Yes.
 10 **Q. All right.**
 11 A. Yes.
 12 **Q. And the figure that is shown there in**
 13 **this particular cash flow, it's the cash balance**
 14 **beginning of \$6,167,000. Whatever figure is in**
 15 **that cash balance beginning figure, is, again, an**
 16 **accumulation of money from the past fiscal years;**
 17 **fair?**
 18 A. An accumulation of all the fund
 19 balances.
 20 **Q. And how long have those funds been**
 21 **accumulating?**
 22 A. Well, I don't know. Since -- I'm not
 23 sure when the County first began.
 24 **Q. But it could be -- it could go back,**
 25 **all the way back to then; right? I mean, it's**
 Page 161

1 **projections, you will see a number of ending cash**
 2 **balance of 5,346,556. Do you see that?**
 3 A. Yes.
 4 **Q. Explain to me how that number is**
 5 **reached.**
 6 A. It is the summation of all the
 7 activity; and therefore, all the ending cash fund
 8 balances that total up to that amount. For 2011,
 9 we would have had some of that as actual -- at
 10 this point in time, three months would be actual,
 11 and then the remaining would have been projected.
 12 **Q. All right. So generally speaking, the**
 13 **ending cash balance figure on the County's cash**
 14 **flows, if I'm understanding what you are saying,**
 15 **is arrived at by taking the projected revenues**
 16 **from the reported period, in this case, fiscal**
 17 **year 2011; right?**
 18 A. Uh-huh.
 19 **Q. Minus the projected expenditures during**
 20 **the period; right?**
 21 A. Uh-huh.
 22 **Q. And then minus all other uses, or plus**
 23 **all other sources, as the case may be; right?**
 24 A. Correct.
 25 **Q. And then that is the money that is left**
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1 **just an accumulation?**
 2 A. Well, sure, I have no idea.
 3 **Q. It's an accumulation since they first**
 4 **started these accounts?**
 5 A. Right. And I guess, you know,
 6 depending on the fund. I mean, not all funds
 7 were created on the same day.
 8 **Q. I'm just talking about the cash**
 9 **balance, not the funds. I'm just talking about**
 10 **the cash balance. It's an accumulation over**
 11 **years and years and years of time; right?**
 12 A. Well, this particular page, this grand
 13 total of -- as it's titled "Grand Total All
 14 Funds," is an accumulation of all of the
 15 different fund balances that will, then, agree up
 16 to that cash balance ending of 6,736,225 for
 17 fiscal year 2010.
 18 **Q. Right. So what I'm saying -- and I**
 19 **think we're in agreement again -- this is merely**
 20 **an accumulation of all of the past years monies**
 21 **that have now come forward? It's just an**
 22 **accumulation and a current statement of what that**
 23 **money is, and how much that money is; fair?**
 24 A. Yeah, I guess I can agree with that.
 25 **Q. Now, if you look at fiscal year 2011**
 Page 162

1 **over; correct?**
 2 A. It's the net change. And then that
 3 would be added to the beginning balance --
 4 **Q. Okay.**
 5 A. -- to arrive at the ending balance.
 6 **Q. So in other words, that figure ending**
 7 **cash balance is a surplus over and above your**
 8 **expenditures for that particular period?**
 9 A. I do not agree.
 10 MR. CLARK: I'll object to the
 11 characterization of the word "surplus," Your
 12 Honor, without a definition.
 13 THE COURT: Overruled.
 14 THE WITNESS: I do not agree.
 15 **Q. (BY MR. HINDLEY) Why don't you turn to**
 16 **page 80 of your deposition, please?**
 17 A. (Witness complying.) 213.
 18 **Q. Are you on page 80?**
 19 A. Now, I am.
 20 **Q. Starting on page 10.**
 21 MR. CLARK: Line 10?
 22 **Q. (BY MR. HINDLEY) I'm sorry. Line 10.**
 23 **I asked you a question. "And so if the revenues**
 24 **exceed the expenditures, then tell me in**
 25 **which -- how is it that this cash balance ending**
 Page 164

44 (Pages 161 to 164)

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1 the year is not simply a surplus over and above
 2 your expenditures? It is; right?"
 3 What is your answer?
 4 A. At that time, I said, "Yes." I do not
 5 agree with -- well, let me tell you what
 6 my -- may I -- may I say what my definition of
 7 "surplus" is?
 8 Q. Sure.
 9 A. It would be unidentified cash, over and
 10 above. What I'm trying to get across is that all
 11 of the funds have an ending cash fund balance, of
 12 which the total, summed up, agreed to the grand
 13 total that you had shown previously.
 14 Q. Okay.
 15 A. But I cannot call that a surplus,
 16 because each component of that total is
 17 identified to that different fund.
 18 Q. All right. Let's -- apparently, the
 19 word "surplus" has some connotations that you are
 20 not going to -- we are not going to agree on. So
 21 let's use a different terminology, a different
 22 phrase, then.
 23 In other words, then, that figure cash
 24 balance -- cash -- I'm sorry -- ending cash
 25 balance is an amount that is simply over and

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1 above the amount of your expenditures for that
 2 reporting period; isn't that right?
 3 A. Okay. Yes.
 4 Q. Now, on this particular spreadsheet,
 5 there is a line item for fiscal year 2011, that
 6 says, "Available Trust Accounts." Do you see
 7 that --
 8 A. Yes.
 9 Q. -- at the very bottom?
 10 A. Uh-huh.
 11 Q. Now, that money is -- comes from three
 12 different funds -- or I shouldn't say "funds."
 13 Maybe I should use --
 14 A. Trust accounts.
 15 Q. Trust accounts. Okay. Trust accounts.
 16 The County improvement trust, the auditor's
 17 trust, and a general trust; isn't that right?
 18 A. Yes.
 19 Q. And all of those three trust accounts
 20 do not fall within this idea that you had been
 21 talking about before, restricted funds?
 22 A. Correct.
 23 Q. Even in your terminology, these are
 24 unrestricted funds; right?
 25 A. Correct.

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1 Q. Okay. And when added to the cash
 2 balance, what was that figure? \$6,289,556, so
 3 roughly 6.3 million dollars; is that right?
 4 A. Correct.
 5 Q. As I understand it, that is the final,
 6 the net ending cash position of the County, for
 7 fiscal year 2011, as projected in this particular
 8 document?
 9 A. Yes.
 10 Q. All right.
 11 THE COURT: Mr. Hindley, would this be
 12 a good place to take a mid afternoon break?
 13 MR. HINDLEY: Yes.
 14 THE COURT: Take a recess.
 15 (A recess was had.)
 16 THE COURT: Go ahead and have a seat.
 17 Q. (BY MR. HINDLEY) All right.
 18 Ms. Prisco, we were just talking about Exhibit
 19 No. 204, and the cash flow analysis that was
 20 attached to that.
 21 Now, I understand that this
 22 spreadsheet, this cash analysis was created
 23 sometime in February of this year; correct?
 24 A. Correct, early February -- I think we
 25 started working on it towards the end of January

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1 or early February.
 2 Q. And I understand that you now believe
 3 that the spreadsheet contains some errors; is
 4 that right?
 5 A. Definitely.
 6 Q. Okay. All right. And my understanding
 7 is, that you've been working to correct those
 8 errors; is that right?
 9 A. Yes.
 10 Q. And the County has created and, in
 11 fact, sent to Alamar new versions of cash flow
 12 models; is that right?
 13 A. Well, what we've done is, we've refined
 14 the cash model or financial model in order to
 15 develop monthly budgets for the remainder of
 16 fiscal year 2011 and 2012, as part of the
 17 bankruptcy filing.
 18 Q. Okay. And through that process, you
 19 have been able to correct some of the errors that
 20 you have seen in this particular Exhibit 204?
 21 A. Yes.
 22 Q. All right. Turn to Exhibit 111,
 23 please.
 24 A. (Witness complying.)
 25 Q. I think you testified earlier today

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45 (Pages 165 to 168)

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1 that this is the County's cash flow model for
 2 fiscal year 2011; is that right?
 3 A. Right.
 4 Q. And it has both actuals and projected?
 5 A. Yes, actuals through April of 2011, and
 6 projected for May and beyond.
 7 Q. All right. And does this version of
 8 the spreadsheet cash flow model, correct many of
 9 the issues that you had identified with Exhibit
 10 204?
 11 A. It corrects some of the issues, and
 12 also, it is a little different with some other
 13 aspects of it, in terms of what it's -- not only
 14 through the refinement process, but because of
 15 what it's being used for.
 16 Q. The bankruptcy process?
 17 A. Correct, yes.
 18 Q. All right. Is this kind of the latest
 19 and greatest of the spreadsheets for fiscal year
 20 2011; would you agree with me that, then?
 21 A. At this point in time, it's the best
 22 product that we've been able to --
 23 Q. All right. So looking at this exhibit,
 24 it is broken down by a variety of funds that the
 25 County has; right?

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1 A. Yes.
 2 Q. And then on the last page, page 18,
 3 there is a summary for all of those funds?
 4 A. Yes.
 5 Q. All right. And tell me, as of March
 6 2011, what the cash balance beginning was.
 7 A. I'm sorry. Beginning for March 11,
 8 2011 is \$8,062,023.
 9 Q. All right. And from the beginning, if
 10 I understand your testimony previously, regarding
 11 the spreadsheets in Exhibit No. 204, from that
 12 number, you add revenues, subtract expenditures,
 13 in this case, add other sources, and you come to
 14 an ending cash balance; is that correct?
 15 A. Yes.
 16 Q. All right. And that cash balance here
 17 is -- it's a little tough to read, but it's
 18 7,647,524?
 19 A. Yes.
 20 Q. All right. And that represents the
 21 cash position then of the County at the end of
 22 the month, taking into consideration all of the
 23 revenues, all of the expenditures up to that
 24 point?
 25 A. Correct.

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1 Q. All right. And as you testified
 2 before, this is an aggregate amount of money from
 3 all of the various County funds?
 4 A. Correct.
 5 Q. All right. Are there any County cash
 6 assets or investments that are not represented in
 7 this figure?
 8 A. Yes, there is. If you look below the
 9 trust accounts, below the cash balance ending the
 10 trust accounts section.
 11 Q. Okay.
 12 A. We've added that, in order to allow us
 13 to bring in the amounts reflected in
 14 those -- actually, just the auditors and the
 15 County improvement trust accounts. I am no
 16 longer including the general trust. At this
 17 point, it's never been a very large amount. But
 18 just recently, in looking at the activity for
 19 that general trust account, it looks as though
 20 there is a number of different activities that
 21 are flowing through that. So I was unable to
 22 ascertain, and be 100 percent certain that it
 23 wasn't -- it didn't have some nature of a trust
 24 account.
 25 Q. Now, if you remember on Exhibit 204,

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1 there was a figure below, the cash ending balance
 2 for one of the months, and it was about \$800,000?
 3 A. Yes.
 4 Q. Do you remember that?
 5 A. Yes.
 6 Q. And we talked about that, and you said
 7 that was unrestricted funds, as you understand
 8 it; right?
 9 A. Correct.
 10 Q. And is that -- are those funds that
 11 were represented in Exhibit 204, the same trust
 12 accounts that are represented here below the box
 13 that says, "trust accounts"?
 14 A. Yes.
 15 Q. Okay. So if you add those unrestricted
 16 trust accounts in, the total cash position of the
 17 County, at the end of March 2011, was 9.3 million
 18 dollars?
 19 A. Yes.
 20 Q. A little bit over that? Okay.
 21 Now, you'll notice that the net change
 22 in cash balance line item on Exhibit 111, again,
 23 looking at the summary.
 24 A. Okay.
 25 Q. There is no total figure; right?

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1 A. The net change in cash balance line
2 item?
3 **Q. Yes. There is not a total figure for**
4 **fiscal year 2011?**
5 A. No, there is not. It's not on this. I
6 mean, it's on the spreadsheet, but it didn't get
7 on this page.
8 **Q. It's on what spreadsheet?**
9 A. On the Excel spreadsheet that this came
10 from.
11 **Q. Oh, okay. So this is an incomplete**
12 **document?**
13 A. This replication of that page of the
14 Excel document, apparently, got the total year
15 cut off.
16 **Q. All right. Well, I added them up.**
17 A. Uh-huh.
18 **Q. And you don't have to take this for**
19 **anything, other than my word for it. But it's,**
20 **approximately, \$588 in the negative.**
21 UNIDENTIFIED SPEAKER: 588,000.
22 MR. HINDLEY: Or 588,000. Thank you.
23 **Q. (BY MR. HINDLEY) 588,000 in the**
24 **negative, that should be in parens; all right?**
25 A. Okay.

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1 away the deficit of \$588,000 from the 7.6 million
2 dollars cash ending March of 2011, approximately,
3 what figure do you get?
4 A. You would get, approximately, 7.2
5 million.
6 **Q. All right. Now, set aside the whole**
7 **issue of restriction that you've identified. The**
8 **question that I have is: Isn't it true, that as**
9 **of the end of February 2011, there was enough**
10 **money in the County's funds to satisfy the**
11 **judgment, and still have enough to meet the**
12 **County's expected expenditures through fiscal**
13 **year 2011?**
14 MR. CLARK: I'll object, Your Honor,
15 because that question assumes several facts that
16 are not in evidence, that are in direct
17 contradiction to testimony.
18 MR. HINDLEY: I don't know what facts
19 would be out of evidence. All I'm asking her to
20 do, is do a little bit of math.
21 THE COURT: You are asking her to set
22 aside the testimony that she previously made.
23 Your question is, essentially, nothing more than
24 a mathematical argument based upon the exhibit,
25 itself, and the testimony to date. I doubt that

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1 **Q. Whatever number is there, whether it be**
2 **positive or negative, at the end of the year,**
3 **what does that figure represent?**
4 A. Well, in this case, it would be a
5 deficit.
6 **Q. Okay.**
7 A. It's a negative.
8 **Q. And what -- okay. And what does that**
9 **deficit represent? What is it?**
10 A. Expenses are greater than revenues. In
11 this case, cash -- I should say, cash outflows
12 are greater than cash inflows.
13 **Q. Okay. So if I understand that**
14 **correctly, what it represents is an amount of**
15 **money above and beyond what was needed from other**
16 **sources, either revenues or other sources, in**
17 **order to meet the County's total expenditures for**
18 **that period, in this case, fiscal year 2011.**
19 **Would you agree with me?**
20 A. Yes.
21 **Q. Okay. So then to this, take that**
22 **\$588,000, and subtract it from the cash balance**
23 **ending for February 2008.**
24 UNIDENTIFIED SPEAKER: 2011?
25 **Q. (BY MR. HINDLEY) 2011. If you take**

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1 this witness is going to be agreeing with you,
2 because of the difficulty of setting aside the
3 condition. Isn't it more of an argument than a
4 testimonial observation?
5 MR. HINDLEY: I'm trying to get it to
6 be factual. That's why I asked her to assume a
7 way, or put aside the issue of restriction. It
8 is a mathematical question. And that, for right
9 now, is all that I need. And I think that this
10 witness is capable of answering that question.
11 THE COURT: Well, it seems to me that
12 the mathematical question is already established
13 by the prior testimony she's given in the
14 exhibit, itself. I'll let you ask it, and see
15 what answer she gives. But I'll consider the
16 weight of it later.
17 Go ahead.
18 MR. HINDLEY: Thank you, Your Honor.
19 THE COURT: Go ahead. If you can.
20 THE WITNESS: Will you ask the question
21 again, please?
22 **Q. (BY MR. HINDLEY) Sure. You set aside**
23 **the idea of restriction, and we're just looking**
24 **at the funds that are in the County's coffers.**
25 **Isn't it true that as of February 28th,**

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<p>1 or the day right before the petition, that there 2 was enough money in the County's funds to satisfy 3 both the judgment, and still have enough to meet 4 its expected expenditures through fiscal year 5 2011? 6 A. So if you assume that what we're 7 looking at is not a governmental fund accounting 8 situation, but a private corporation situation, I 9 think what you are asking me is, is the 8.1 10 million at the end of February -- February, or 11 are we doing the end of March? 12 Q. End of February, which would have been 13 the day before the petition was filed. 14 A. So you are asking then, if that 8 15 million, less the 500, and whatever you came up 16 with, 600,000 let's call it -- less that 600,000, 17 would provide you with a certain amount of 18 7,400,000, is what your mathematical equation 19 does. And you are assuming it's not a fund 20 accounting situation. And you are assuming that 21 you need no funds to operate through some next 22 period beyond September 30th. 23 Q. No, it's just a simple question. 24 A. Then I don't -- 25 Q. Fiscal year.</p> <p style="text-align: right;">Page 177</p>	<p>1 own. 2 THE COURT: I'm going to be hearing a 3 lot of argument from both sides, I'm sure, about 4 all of the evidence when it's finally presented. 5 UNIDENTIFIED SPEAKER: Yes. 6 MR. HINDLEY: All right. 7 Q. (BY MR. HINDLEY) If you turn to 8 Exhibit No. 112. 9 A. (Witness complying.) 10 Q. As I understand it, this is the monthly 11 budget forecast for fiscal year 2012 that you 12 prepared; is that right? 13 A. Yes, it is. 14 Q. And it looks like Exhibit 111 fixes all 15 the problems that you had previously found in the 16 spreadsheets attached to Exhibit 204? 17 A. It fixes the problems that we 18 identified. 19 Q. All right. So, again, this is the 20 latest and greatest for 2012? 21 A. Yes. 22 Q. All right. For both Exhibit 111 and 23 112, they do not -- the spreadsheets, themselves, 24 do not include any payments to Alamar; is that 25 right?</p> <p style="text-align: right;">Page 179</p>
<p>1 A. No, then I can't answer your question. 2 Q. You can't answer the question. Let me 3 try one more time, and you tell me whether or not 4 you can answer it or not. 5 Again, setting aside the whole issue of 6 restriction, the question I have is: Isn't it 7 true that as of the end of February 2011, there 8 was enough money in the County's funds to satisfy 9 the judgment, and still have enough to meet the 10 County's expected expenditures through fiscal 11 year 2011? 12 A. Your question is not a mathematical 13 question. Your question makes me have to make an 14 assumption about paying the judgment. 15 Q. Okay. 16 A. So I cannot answer that, because there 17 is funds. And I will not answer that to the 18 positive. 19 Q. Are you refusing to answer the 20 question? 21 A. I am. 22 MR. HINDLEY: Okay, Your Honor, I'm 23 assuming that since the witness is refusing to 24 answer the question, that the mathematical 25 issues, the Court will be able to take up on its</p> <p style="text-align: right;">Page 178</p>	<p>1 A. That's correct. 2 Q. All right. 3 A. Nor any other creditor. 4 Q. Now, again, if I were to ask you to 5 take a look at the net change in cash balance 6 total figure for fiscal year for 2012, and ask 7 you to subtract it from cash balance ending 8 figure for February of 2012, and ask you whether 9 or not, again, setting aside the whole issue of 10 restriction. Isn't it true that as of February 11 2012, there was enough money in the County's 12 funds to satisfy the judgment, and still enough 13 to meet its expenditures through 2012? Would 14 your answer be the same as it was for fiscal year 15 2011, that you would not answer? 16 A. I still will not answer. 17 Q. And why won't you answer that question? 18 Is it because you can't? 19 A. Because it doesn't make any sense. 20 Q. And why doesn't it make sense? 21 A. Because you are wanting to include 22 certain pieces of information and not others. 23 Q. What don't I want to include? 24 A. So whether I answer, yes or no, it's 25 inaccurate.</p> <p style="text-align: right;">Page 180</p>

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1 **Q. What don't I want to include?**
 2 A. Well, you want to assume that there are
 3 no funds in this situation, and there are.
 4 **Q. No, I want to assume that there are no**
 5 **restrictions.**
 6 A. But there are.
 7 **Q. According --**
 8 A. It's the nature of fund accounting. I
 9 just -- I can't -- I'm sorry. I can't get there.
 10 **Q. Okay. Now, I think you testified**
 11 **earlier today, that the County has the ability to**
 12 **increase property taxes by three percent; is that**
 13 **right?**
 14 A. That is correct.
 15 **Q. All right. And if I'm reading**
 16 **two-thousand- -- I'm sorry. If I'm reading**
 17 **Exhibit 112 correctly, this cash flow does not**
 18 **include a three percent tax increase for fiscal**
 19 **year 2012; is that right?**
 20 A. No, it should.
 21 **Q. Okay. Where do you see that? I**
 22 **just --**
 23 A. Well, it would have been disbursed
 24 among the different funds that receive property
 25 taxes. So you wouldn't see -- you wouldn't see

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1 the total number anywhere.
 2 **Q. All right. And I -- that's my only**
 3 **question on this is, does the fiscal year 2012**
 4 **spreadsheet, Exhibit 112, account for a three**
 5 **percent increase in property taxes?**
 6 A. It does. It does.
 7 **Q. Okay. Does it account for the 2011**
 8 **foregone tax?**
 9 A. It does not.
 10 **Q. All right. So I think you gave us a**
 11 **rough estimate of what you thought that number**
 12 **was going to be?**
 13 A. 123,000.
 14 **Q. All right. So perhaps not a lot, but**
 15 **this spreadsheet does not account for that, and**
 16 **is understated by that amount, if the County**
 17 **Commission wanted to go back and obtain that**
 18 **foregone amount?**
 19 A. Okay. And maybe I need to clarify for
 20 you?
 21 **Q. Okay.**
 22 A. So that 123,000 would not be considered
 23 a revenue. I guess, maybe we could have put it
 24 in under other sources. But that had not been
 25 received until -- we'll have to assess for

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1 it -- or excuse me -- levy for it in the next go
 2 around. Those funds won't come in for another
 3 year. It goes through the same system as the
 4 property tax budget goes through, which is via an
 5 L2 form of the State.
 6 **Q. All right. So let me make sure I**
 7 **understand it. The foregone 2011 taxes, when**
 8 **assessed, will not show up on the County's**
 9 **records as income -- as revenue until 2013?**
 10 A. I think it will be in 2013.
 11 **Q. All right. Now, if you compare**
 12 **two-thousand- -- or if you compare Exhibit 111**
 13 **and 112, 111 includes the trust accounts up**
 14 **through April of 2011, and then they disappear.**
 15 **And they are no longer accounted for, from April**
 16 **2011, all the way through fiscal year 2012, as**
 17 **shown on Exhibit 112?**
 18 A. Correct.
 19 **Q. And why is that?**
 20 A. Because they are an asset account, and
 21 they are not related to fund, revenue, and
 22 expenses. So they are there through April,
 23 because April is the last month of actuals that
 24 we have. So there is no -- it's an asset
 25 account. So there is no projecting it in terms

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1 of -- there is not revenues and expenses that we
 2 would project into those.
 3 **Q. All right. So let me make sure I**
 4 **understand, so we can read these correctly. For**
 5 **example, if I were to take May 2011 shown on**
 6 **Exhibit 111, and I go down to the cash balance**
 7 **ending figure of 7.2 million dollars, there is an**
 8 **additional, approximately, 1,600,000, that is not**
 9 **accounted for on this spreadsheet, but that is**
 10 **somewhere else that the County -- that the County**
 11 **has?**
 12 A. Your one million dollar amount includes
 13 all trust accounts, I take it?
 14 **Q. Right.**
 15 A. That's correct.
 16 **Q. Okay.**
 17 A. The trust accounts are not -- because
 18 they are not -- they are off limits. Generally,
 19 the definition of the trust account would make it
 20 off limits.
 21 **Q. So if I wanted to find out what the**
 22 **total cash position of the County was for any**
 23 **month after April of 2011, I would have to take**
 24 **the cash balance ending for that particular**
 25 **reporting period, and then add to it, the trust**

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1 account figures that also ended that same time
2 period; is that fair?
3 A. Yes.
4 Q. Okay. And after April of 2011, are
5 there other documents that will show what the
6 amounts of the trust funds will be?
7 A. Well, for any actual period, they are
8 included on the reports that come off of our
9 accounting system.
10 Q. All right. But they are not shown
11 here?
12 A. No.
13 Q. On any of the documents, either 101, or
14 111, or 112 -- I'm sorry, not 101 -- 111 after
15 April, or 112?
16 A. Correct.
17 Q. And it looks to me like the trust fund
18 account, the approximate amount in them is about
19 1.6; is that right?
20 A. Yeah, it looks like it's about 1.2
21 million.
22 Q. 1.2. All right. Now, if you go to
23 Exhibit 102?
24 A. (Witness complying.)
25 Q. That exhibit also is called "Cash Flow

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1 Q. Turn with me to the fourth page, that
2 same page that we were looking at before that,
3 two-thirds of the way down have the summary of
4 the Boise County estimated revenue fiscal year
5 2011. Do you have that?
6 A. Uh-huh.
7 Q. All right. There are several columns.
8 The first column, we've already talked about, and
9 that's the 2011 fiscal budget. That's the amount
10 that's set by the County Commission; correct?
11 A. Correct.
12 Q. The next column says, "Unencumbered
13 Fund Balance." What is that?
14 A. I don't know. I've never been able to
15 figure it out.
16 Q. Okay. Do you know if that's made up of
17 federal money, state money, fees?
18 A. I don't know. This was prepared by my
19 predecessor. And I have not been able to find
20 any sort of spreadsheet that supports this. All
21 I know is that what's in the property tax 2010,
22 is labeled 2010, property tax needed is the only
23 thing I can tie out in terms of what went into
24 the budgets.
25 Q. Okay.

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1 Summary For Fiscal 2011 2012." The same as
2 Exhibit 112; right?
3 A. Yes.
4 Q. Should the numbers be the same on
5 these?
6 A. They should be. I mean, there was just
7 one spreadsheet submitted, so...
8 Q. Okay. If you look at page 18, let's
9 see -- of 2012 -- I'm -- gosh, I keep saying
10 that -- 112. And then page 18 of 102. You'll
11 notice that there are -- the numbers are
12 different?
13 A. Well, one is a month, and one is the
14 total year. It should be the same.
15 Q. You see they are not?
16 A. I do see that.
17 Q. Can you explain that?
18 A. I actually cannot.
19 Q. Okay. I want to switch topics real
20 quick, and talk about the County's funds, kind of
21 generally. We've already talked about the
22 difference between a fund and an account. Let's
23 go back to Exhibit 101, which is the County
24 budget.
25 A. (Witness complying.)

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1 A. The difference between unencumbered
2 fund balance and other revenue, I do not know how
3 she separated those two.
4 Q. And you don't know what goes into
5 either one of those calculations, whether or not
6 the unencumbered fund balance, or the other
7 revenue columns, what monies, and from what
8 sources those are derived?
9 A. My recollection is, is that for some of
10 the funds, I think, like on road and bridge, that
11 174,798, did agree with the cash carryover. The
12 cash carryover that was used for road and bridge
13 department in the appropriated 2011 budget. But
14 other funds, I could not tie out. So I don't
15 know what she did.
16 Q. Have you talked to her?
17 A. Before or after taking office?
18 Q. After taking office, when you are
19 trying to figure out what unencumbered fund
20 balance was, or what the other revenue column
21 was?
22 A. No.
23 Q. Is there a reason why?
24 A. I would not respect her opinion or her
25 assistance.

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50 (Pages 185 to 188)

1 **Q. On the next page, there's a line item**
2 **that says, "Nonexempt total." Do you know what**
3 **it is, and what it is a reference to?**
4 A. I can guess.
5 **Q. Well, I don't -- do you know?**
6 A. No, I don't know.
7 **Q. Okay.**
8 A. It's identified as to the total,
9 excluding East Boise County Ambulance District.
10 So I believe it's trying to put some sort of a
11 classification to everything, except for East
12 Boise County Ambulance, because it is its own
13 taxing district.
14 **Q. All right. So the money that the**
15 **County receives, comes from a variety of sources.**
16 **You've already testified to property tax; right?**
17 **Is one, liquor tax, or liquor fees, is it a tax?**
18 A. It's a tax that's passed through from
19 the State.
20 **Q. Okay. Maybe certain other state**
21 **monies, federal monies; right?**
22 A. Uh-huh.
23 **Q. All right. And you've already**
24 **testified that all of that money goes into a**
25 **number of accounts. And each fund, it does not**
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1 **Q. Yes.**
2 A. Well, it's -- I couldn't tell you
3 what -- you are asking me what bank account it's
4 held in?
5 **Q. What accounts -- what accounts is the**
6 **money from this fund held?**
7 A. I couldn't tell you that. I don't
8 know.
9 **Q. Okay.**
10 A. It's not specifically identified to an
11 account.
12 **Q. And is that true for all of the County**
13 **funds?**
14 A. Yes, I would have the same answer.
15 **Q. You would have the same answer?**
16 A. I would have the same answer, yes.
17 **Q. So if I were to point out, for example,**
18 **the college tuition fund, you could not tell me**
19 **where the money in the college tuition fund is**
20 **actually held, and what account it's actually**
21 **held?**
22 A. I cannot.
23 **Q. Okay. Well, then let's talk about the**
24 **accounts. Turn to Exhibit 106.**
25 A. (Witness complying.) Okay.
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1 **have a separate account; right?**
2 A. Correct.
3 **Q. Instead, all the County's monies goes**
4 **into these various accounts, and then are**
5 **expended through the fund -- you know, by fund;**
6 **fair?**
7 A. Uh-huh.
8 **Q. All right. So let's take a look at the**
9 **funds that are identified on Exhibit 102.**
10 A. (Witness complying.)
11 **Q. The first fund on Exhibit 102, is the**
12 **general fund; right?**
13 A. Correct.
14 **Q. And that comes from what sources?**
15 A. The general fund revenues are -- it's
16 primarily property tax, but there is also
17 assessor fees included in that. For example, DMV
18 fees, there is also some payment in lieu of taxes
19 that goes into that line item. I believe -- I
20 don't have the detail here. There is a sales tax
21 revenue sharing piece that goes into it.
22 **Q. Okay. And whatever money is in this**
23 **fund, what accounts is it kept in? Where is this**
24 **money held?**
25 A. For the general fund?
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1 **Q. Now, it looks to me like this is a**
2 **compilation of two or three separate documents,**
3 **all the same documents, or same type of**
4 **documents. That document being a statement of**
5 **treasurer's cash; is that right?**
6 A. This is -- this is the statement of
7 treasurer's cash. This is the report run by the
8 treasurer.
9 **Q. And the first report is for January**
10 **31st, 2011; right?**
11 A. Yes.
12 **Q. And if you go back to the fourth page,**
13 **there is a report that is for, as of February**
14 **28th, 2011?**
15 A. Correct.
16 **Q. And that report is three pages long?**
17 A. Correct.
18 **Q. All right. That's the one I want to**
19 **focus your attention on. And that date, February**
20 **28, 2011, is the day before bankruptcy; is that**
21 **right?**
22 A. Correct.
23 **Q. All right. If you go to the third page**
24 **of that report, as of February 28th, 2011, there**
25 **are identified accounts. Are these the County's**
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1 accounts?
 2 A. These are.
 3 **Q. Okay. And these are all of the**
 4 **accounts in which the monies from the funds is**
 5 **held; right?**
 6 A. Correct.
 7 **Q. And you can't tell me which fund monies**
 8 **are being held in which accounts?**
 9 A. Correct.
 10 **Q. Okay. And what's the total amount in**
 11 **all these accounts?**
 12 A. At February 28th, the total was
 13 \$10,107,408 -- 6.54 cents.
 14 **Q. Just a clarifying question. Does this**
 15 **amount, the 10 million amount shown on this page**
 16 **of Exhibit No. 106, also account for the trust**
 17 **accounts that we were talking about earlier?**
 18 A. Yes.
 19 **Q. All right. Can you tell me where those**
 20 **trust accounts -- let me rephrase it.**
 21 **Can you tell me in which accounts those**
 22 **trust accounts are held?**
 23 A. I cannot, because this is the
 24 treasurer's report. And I do not know -- I can't
 25 answer that question for you.

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1 **Q. Okay. So when money comes into the**
 2 **County from these various sources, the Feds or**
 3 **the State, or property tax, where does it go**
 4 **first?**
 5 A. To the treasury.
 6 **Q. Into one of these accounts?**
 7 A. I don't know where the treasurer puts
 8 it.
 9 **Q. You don't know?**
 10 A. I just know it goes into the
 11 treasurer's office. I know no more than that.
 12 **Q. All right. Do you know under what**
 13 **circumstances, then, cause the money to be moved**
 14 **out of any one of these accounts? For example,**
 15 **there is one circumstance that I can think of,**
 16 **and that would be to pay expenditures; right,**
 17 **payroll, something like that --**
 18 A. Uh-huh.
 19 **Q. -- right?**
 20 **What are some of the other things that**
 21 **would cause money to be taken out of one of the**
 22 **County's accounts?**
 23 A. Well, as you just said, expenditures.
 24 **Q. Okay. Expenditures. Anything else?**
 25 A. Well, are you excluding payments on

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1 like, leases, or anything like that?
 2 **Q. That's probably an expenditure. But**
 3 **how about the sweep account? Do you know**
 4 **anything about the sweep account?**
 5 A. I do not.
 6 **Q. Okay. Do you understand how sweep**
 7 **accounts work, generally?**
 8 A. Generally. My understanding is, it is
 9 a way to earn interest.
 10 **Q. All right.**
 11 A. So that you are accumulating within one
 12 financial institution your funding, so that you
 13 have more interest earning power.
 14 **Q. So money from smaller accounts are then**
 15 **swept into a larger account for interest reasons?**
 16 A. Uh-huh.
 17 **Q. All right. So maybe that's another**
 18 **circumstance in which money is taken out of one**
 19 **of the County's accounts, is to, then, be swept**
 20 **into the sweep account identified on this list?**
 21 **Okay? Fair?**
 22 A. Okay. I'm not sure if that's done at
 23 the County level, or the bank level, but...
 24 **Q. I don't either, but do you know?**
 25 A. I don't know.

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1 **Q. Okay. And then investments.**
 2 **Investments, do you know whether the treasurer**
 3 **puts money directly into any of the investment**
 4 **accounts, or have those monies transferred from**
 5 **another account, at some particular point in**
 6 **time?**
 7 A. Well, I don't know. I mean, I don't
 8 know how she would do that.
 9 **Q. Okay. You've never had a conversation**
 10 **with her about that?**
 11 A. About how she would make an investment?
 12 **Q. For example, when she gets federal**
 13 **money, or state money, or property taxes, does**
 14 **she ever -- does the County ever initially put**
 15 **that money into an investment account?**
 16 A. I don't believe so, because my
 17 understanding is that --
 18 **Q. Okay.**
 19 A. And I -- again, I could be wrong. I am
 20 the clerk, not the treasurer. But there is this
 21 general operating investment. And I think that's
 22 the only one that qualifies -- well, although
 23 she's got total investment accounts here. So I
 24 guess that's not true. I mean, she's probably
 25 got the diversified bond fund, and then the

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1 general operating INV, investment, probably,
 2 totaled together for the investment accounts.
 3 But, no, I don't know how she would move money
 4 around in there.
 5 **Q. Okay. Do you know when money is**
 6 **transferred into investments from other accounts?**
 7 A. No.
 8 **Q. Or under what circumstances they are**
 9 **transferred to investment accounts from other**
 10 **accounts? You don't know anything about that?**
 11 A. No.
 12 **Q. Okay. Well, let me try this. For the**
 13 **money that goes out of an account to pay**
 14 **expenditures, do you know the order of the type**
 15 **of money -- and by that, by type of money, I**
 16 **mean, restricted as you understand it to be, or**
 17 **unrestricted, do you know what the order is of**
 18 **the type of order that goes out, first out of the**
 19 **account to pay those expenditures?**
 20 A. Are you asking, which accounts the
 21 treasurer would use first to make the payment?
 22 **Q. No. I'm asking you whether or not you**
 23 **track -- the County tracks what money is taken**
 24 **out of an account first to pay for expenditures?**
 25 A. I cannot -- I can't answer that

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1 question.
 2 **Q. Okay. Let me just make sure I**
 3 **understand this. So, for example, you've already**
 4 **told me that there is a variety of revenue**
 5 **streams coming into the County; right?**
 6 A. Uh-huh.
 7 **Q. And all those variety of revenue**
 8 **streams are going into various accounts; right?**
 9 A. Uh-huh.
 10 **Q. And you can't tell me, for**
 11 **example -- well, you can't tell me for any**
 12 **particular account whether or not that, you know,**
 13 **the money in there is from the federal**
 14 **government, from the state government, from**
 15 **property taxes, or maybe a little bit of**
 16 **everything; right?**
 17 A. No, I can't tell you --
 18 **Q. Okay.**
 19 A. -- because I'm not the treasurer.
 20 **Q. Where is the treasurer?**
 21 A. I'm not --
 22 **Q. No, I might have to get her here.**
 23 UNIDENTIFIED SPEAKER: We might.
 24 **Q. (BY MR. CLARK) So back to my question,**
 25 **then, because of all that money coming into the**

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1 **accounts, you don't know whether or not**
 2 **restricted money goes out to pay expenditures, or**
 3 **unrestricted money goes out to pay expenditures?**
 4 A. Nor do I know what the definition would
 5 be of restricted or unrestricted.
 6 **Q. You tell me.**
 7 A. I don't know. I mean, I'm --
 8 **Q. What is your understanding of**
 9 **restricted?**
 10 A. Well, in terms of cash, I mean, I would
 11 say, you know, the only restrictions would be if
 12 there is some minimum balances required for an
 13 account, or if there is, you know, an investment.
 14 **Q. For an account, or for a fund?**
 15 A. For an account.
 16 **Q. Okay.**
 17 A. We're talking about cash accounts right
 18 now; aren't we?
 19 **Q. I just wanted to make sure, because we**
 20 **had talked about minimum requirements for funds**
 21 **as well. I just want to make sure we're on the**
 22 **same page.**
 23 A. Okay. Or so, you know, to the extent
 24 that it's a true investment, so longer than one
 25 year in term, then it would be restricted, in

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1 that, it's probably got some due date that is,
 2 you know, beyond one year.
 3 **Q. At the end of the year, if there is a**
 4 **surplus of funds that are not needed for**
 5 **operations at the end of a fiscal year, do you**
 6 **know where that money goes?**
 7 A. It would be by each individual fund.
 8 So within an individual fund, if there were
 9 revenues in excess of expenses, then that extra
 10 would go into the fund balance of that fund.
 11 **Q. That's on the fund side. I'm talking**
 12 **about on the account side. If there is excess**
 13 **money in a particular fund at the end of the**
 14 **year, does that excess money from that fund, is**
 15 **it ever transferred out to a different account?**
 16 **So, for example, an investment account?**
 17 A. Not that I'm aware of.
 18 **Q. Okay.**
 19 A. But I wouldn't be making that transfer,
 20 so...
 21 **Q. Do you know whether or not the term**
 22 **"restricted" has any kind of special meaning in**
 23 **governmental accounting?**
 24 A. I have seen the word "restricted" in
 25 nonprofit fund accounting, not in government

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53 (Pages 197 to 200)

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1 accounting. But, again, maybe I just haven't
 2 seen it. I don't know.
 3 **Q. Okay. Earlier in your testimony, when**
 4 **Mr. Clark was asking you questions, I think that**
 5 **you were -- I think you used the word,**
 6 **quote/unquote, "somewhat familiar with GASB"?**
 7 A. Uh-huh.
 8 **Q. Okay. Tell me how you are familiar**
 9 **with GASB.**
 10 A. Well, two years ago, I was required to
 11 prepare the report for the fire district, the
 12 fire protection district. So I did have to go
 13 through the rigamarole of -- there is two levels
 14 of reporting under GASB 34. So I did have to do
 15 that through that small entity.
 16 **Q. Okay. So you've gone through -- is**
 17 **your only exposure to GASB then, this one**
 18 **instance in which you were preparing reports for**
 19 **the fire district?**
 20 A. Correct, correct.
 21 **Q. Okay. And that's your only exposure to**
 22 **GASB --**
 23 A. Correct.
 24 **Q. -- before?**
 25 A. Other than, you know, being an auditor

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1 on an audit.
 2 **Q. Before -- okay. Fair enough.**
 3 A. But I wasn't preparing reports.
 4 **Q. Or taking any classes or courses,**
 5 **specifically on classes on GASB, you never**
 6 **taught?**
 7 A. I did take -- well, I did refer to the
 8 continuing education I had took in the fall of
 9 2010, which was financial reporting. So that
 10 does brush over the GASB 34.
 11 **Q. Okay.**
 12 A. But in terms of actual hands-on
 13 experience.
 14 **Q. Yes.**
 15 A. Just the fire protection district.
 16 **Q. All right. Now, are there any**
 17 **resolutions by the County Commission authorizing**
 18 **the carryover of fund of balances at the end of**
 19 **the fiscal year, for the use of specific**
 20 **departments, or for specific funds for the next**
 21 **fiscal year?**
 22 A. Yes, that would be part of the formal
 23 budget process.
 24 **Q. Okay. And are those written?**
 25 A. Well, sure. I mean, it's a resolution.

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1 **Q. All right. Do you know where those**
 2 **are? Are those resolutions public?**
 3 A. Yes, the resolutions are public.
 4 **Q. And what do those resolutions say?**
 5 A. I have --
 6 **Q. Just generally speaking, tell me what**
 7 **those resolutions are for.**
 8 A. Are you speaking directly to the
 9 budget?
 10 **Q. Yes, right.**
 11 A. Or to --
 12 **Q. Right. I just asked you a question**
 13 **about whether or not the County Commission has**
 14 **any resolutions that authorize the carryover of**
 15 **fund balances at the end of a fiscal year for the**
 16 **use of that money for a specific department, or**
 17 **for a specific fund for the next fiscal year?**
 18 A. Well, they are typically written
 19 up -- the one -- I've only seen a couple. But
 20 they are typically written up. They are formal
 21 summaries of actions taken. And they are public
 22 record.
 23 **Q. And you've only seen a couple. What**
 24 **couple have you seen?**
 25 A. One was for the wildland urban

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1 interface resolution.
 2 **Q. Was that for Boise County?**
 3 A. Uh-huh.
 4 **Q. Okay.**
 5 A. And the second one that will go before
 6 the Commissioners on the next meeting is with
 7 regards to fees associated with -- well, a
 8 variety of fees, including recording fees.
 9 **Q. Have you seen any such resolution**
 10 **for -- specifically, for any of the funds that**
 11 **are listed in the fourth page of Exhibit 101?**
 12 **For example, the current expense fund, or the**
 13 **road and bridge fund, or the justice fund, and**
 14 **all of those other funds that are listed?**
 15 A. No, I haven't looked, though. I mean,
 16 I don't know if they exist or not.
 17 **Q. Okay. Now, turning back to 106, the**
 18 **statement of treasurer's cash. It shows that**
 19 **some of the accounts are investment accounts; is**
 20 **that right?**
 21 A. You are referring to the line item that
 22 says, "Total of Investment Accounts."
 23 **Q. No, I'm talking about just the -- well,**
 24 **let me ask you. That's a good question.**
 25 **There is a column that says, "Type."**

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54 (Pages 201 to 204)

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1 **Do you see that column?**
 2 A. Uh-huh.
 3 **Q. All right. And there are letters**
 4 **representing a type of an account, I'm assuming,**
 5 **and those types are either O, I, C, S?**
 6 A. I see that.
 7 **Q. Do you have an understanding of what**
 8 **those mean?**
 9 A. No. But if I had a calculator, I would
 10 probably add up the "Is" and see if it equaled
 11 the total of investment accounts below.
 12 **Q. All right. Fair enough. So you**
 13 **believe that the "I" probably designates an**
 14 **investment account?**
 15 A. That would be my guess.
 16 **Q. All right. And would it be your guess**
 17 **that the "C" stands for cash account?**
 18 A. I --
 19 **Q. You don't know?**
 20 A. I wouldn't go there.
 21 **Q. Okay.**
 22 A. I don't know that.
 23 **Q. Fair enough.**
 24 **So which one of these, and which one of**
 25 **these accounts are investment accounts? A**
 Page 205

1 **bond account is allocated or restricted to the**
 2 **general fund?**
 3 A. I do not know.
 4 **Q. How about to the road and bridge fund?**
 5 A. I do not know.
 6 **Q. The solid waste fund?**
 7 A. I do not know.
 8 **Q. You are not going to know any of those**
 9 **for this particular fund?**
 10 A. I'm not going to know any of them.
 11 **Q. Okay. Let's talk real quick then about**
 12 **the MWB Cedars. You don't know what's in that?**
 13 A. No.
 14 **Q. In terms of actual investments, whether**
 15 **or not they are CDs, whether or not**
 16 **it's -- whatever the investment is, you don't**
 17 **know?**
 18 A. Yeah, I don't know.
 19 **Q. And regardless of what the investment**
 20 **is, you also don't know where the money came from**
 21 **for that investment? Whether or not it be the**
 22 **general fund, or road and bridge, or solid waste,**
 23 **or education, or anything else?**
 24 A. Correct. I do not know.
 25 **Q. Do you know which one of these**
 Page 207

1 **diversified bond fund; right?**
 2 A. That's labeled with an "I."
 3 **Q. Okay.**
 4 A. The "MWB," which is Mountain West Bank,
 5 it stands for Mountain West Bank Cedars is
 6 labeled with an "I." And the general operating
 7 INV, which I assume stands for investment, is
 8 labeled with an "I."
 9 **Q. All right. Tell me what the**
 10 **diversified bond fund account holds.**
 11 A. I do not know.
 12 **Q. How about the --**
 13 A. I -- I can tell you that the
 14 diversified bond fund, all I know about it, is
 15 it's a state managed investment account. It's
 16 like a pooled funds concept. The same with -- I
 17 thought there was another one in here, but
 18 anyway -- that's all I can tell you. It's not my
 19 responsibility for these accounts. So that's
 20 about as far as I can give you.
 21 **Q. All right. Well, let me just run**
 22 **through a couple of questions. And if you don't**
 23 **know, you don't know.**
 24 A. Okay.
 25 **Q. Do you know how much of the diversified**
 Page 206

1 **investment funds, or at least the designated**
 2 **investment funds, are investments that hold in**
 3 **long-term investments?**
 4 A. I -- I don't know. My belief is only
 5 the last -- that general operating investment is
 6 the only one that's a longer term.
 7 **Q. And I'm assuming by longer term, you**
 8 **have the same definition as you used before, and**
 9 **that is over one year?**
 10 A. Over one year and non-liquid.
 11 **Q. Okay. Well, with respect to the**
 12 **general operating fund, just going back real**
 13 **quickly. You had testified that you had tried to**
 14 **determine the source for the general operating**
 15 **investment fund. Is that what you testified to?**
 16 A. Yes.
 17 **Q. Did you ever come to a conclusion about**
 18 **what that was?**
 19 A. No.
 20 **Q. Okay. So let me just make sure. You**
 21 **don't know whether or not that diversified fund**
 22 **is long term or not?**
 23 A. I can't say with certainty.
 24 **Q. Okay. And that's the same with the**
 25 **State of Idaho local -- no. I'm sorry -- the**
 Page 208

55 (Pages 205 to 208)

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1 MWBC, Cedars, you don't know?
 2 A. No, I do not.
 3 Q. The same with the general operating
 4 investments? That's the one you think is
 5 long --
 6 A. I believe so.
 7 Q. Okay. Now, there is another investment
 8 account here. At least, it says, it's an
 9 investment. If you notice, it's the State of
 10 Idaho local government investment account?
 11 A. What I do know about that is, because
 12 the fire district actually used the local
 13 government investment pool. And it's just a
 14 State managed pool of monies that the government
 15 entities can participate in. And so it's a low
 16 risk. You know, I wouldn't say certain rate of
 17 return, but it's a fairly risk-free investment
 18 vehicle.
 19 Q. All right. Well, let's talk about what
 20 monies have went into that. Can you tell me
 21 whether or not the monies that were deposited
 22 with this LPIG, State of Idaho local government
 23 investment pool, whether or not that money came
 24 from the solid waste fund?
 25 A. I can't tell you that.

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1 sources came from. And even she couldn't tell
 2 you what sources those came from?
 3 A. Correct. And the reason why I talked
 4 to her about that was, because that was the
 5 longer-term investment. And she could not tell
 6 me where it came from.
 7 Q. If you'd turn to Exhibit 226?
 8 A. (Witness complying.) Okay.
 9 Q. Do you have that in front of you?
 10 A. Yes.
 11 Q. Can you tell me what this is?
 12 A. This is the draft audit report for the
 13 fiscal year ended September 30th, 2010.
 14 Q. Has a final been issued?
 15 A. No.
 16 Q. Has this been the best that you have
 17 available to you, at this particular point?
 18 A. For draft financial statements, yes.
 19 Q. Okay.
 20 A. And I have not reviewed it.
 21 Q. You have not reviewed it?
 22 A. No.
 23 Q. Did you have any involvement with this?
 24 A. No, I did not. This would have been my
 25 predecessor. And I believe we received this

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1 Q. You still can't tell me any of that?
 2 A. No, I don't know.
 3 Q. And do you know what the source -- the
 4 ultimate source of that money was? Whether or
 5 not it was federal government, state money,
 6 property tax, liquor?
 7 A. I don't know.
 8 Q. You can't tell me?
 9 A. No.
 10 Q. All right. So because the County money
 11 is commingled in all these different accounts,
 12 how do you trace the source -- or it sounds to
 13 me, like you don't trace the source of the money
 14 being expended. You don't use any FIFO or LIFO
 15 analysis to determine what source money is being
 16 spent first?
 17 A. As the clerk, I do not. I would assume
 18 that the treasurer -- I mean, that's under her
 19 area. So she would be managing where the
 20 payments are made out of.
 21 MR. HINDLEY: Hold on one second.
 22 (Pause in the proceeding.)
 23 Q. (BY MR. HINDLEY) Now, you did talk to
 24 April Hutchings about the general operating
 25 investments account to determine where those

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1 draft in the middle of March.
 2 Q. Right. A couple of notes about this.
 3 You'll notice on the third page of the exhibit,
 4 we're still into the table of contents. At page
 5 43 it says, that there is going to be a report on
 6 internal control over financial reporting, and on
 7 compliance, and other matters. Do you see that?
 8 A. Yes.
 9 Q. You notice that it's not part of this
 10 exhibit?
 11 A. Correct.
 12 Q. Do you know why?
 13 A. Because that's considered in the
 14 auditor world, it's a report. It's their opinion
 15 page. And so that would not be issued. They
 16 might discuss it with us. But it would not be
 17 issued until the final is ready to go.
 18 Q. Do you understand what a significant
 19 deficiency in internal control is? Is that kind
 20 of a term of art in the accounting world?
 21 A. It's been awhile, but, yes, it's one of
 22 the levels of deficiencies and internal controls.
 23 Q. Do you know whether or not the auditor,
 24 Boise County's auditor, is going to be making a
 25 finding of significant deficiency, finding for

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56 (Pages 209 to 212)

1 fiscal year 2010?
 2 A. I don't know.
 3 Q. Okay. If you go to page 11 of the
 4 exhibit. One more actually, page 11.
 5 A. (Witness complying.)
 6 Q. Yeah. Can you tell me what this page
 7 is? Well, let me ask you this, first of all.
 8 You are a CPA; correct?
 9 A. Yes.
 10 Q. You work with financial statements?
 11 A. Yes.
 12 Q. You understand what financial
 13 statements are?
 14 A. Yes.
 15 Q. Generally, what the requirements are?
 16 A. Uh-huh.
 17 Q. Generally, what they are supposed to
 18 report?
 19 A. Yes.
 20 Q. Okay. So if you look at Exhibit -- at
 21 Exhibits 211, page 11, what is this page
 22 reporting?
 23 A. It tells me that it is a statement of
 24 fiduciary net assets.
 25 Q. And what does that mean?

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1 A. This is the government report, but I
 2 would guess that it has to do with the total of
 3 accounts in trust, and what the liabilities are,
 4 associated with that.
 5 Q. All right. There is a line item here
 6 that is -- I'm sorry. Not a line item, but a
 7 column that is designated "Miscellaneous Trusts"?
 8 A. Uh-huh.
 9 Q. Do you know what that is in reference
 10 to? In terms of -- what money is that for the
 11 County?
 12 A. Well, I'm assuming, since we're talking
 13 about fiduciary assets here, that it is
 14 associated with the trust accounts of the County.
 15 Q. Now, and the reason why I ask this is,
 16 earlier in your deposition, in your testimony
 17 today, you had mentioned PILTs that had not been
 18 accounted for correctly?
 19 A. Uh-huh.
 20 Q. Do you know whether or not those PILTs
 21 were accounted for in this miscellaneous trust
 22 column?
 23 A. No.
 24 Q. They were not?
 25 A. I don't believe so.

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1 Q. Are these miscellaneous trusts, does
 2 part of the miscellaneous trust money that's
 3 accounted for here, include the auditor's trust,
 4 and the other trusts that we were talking about
 5 earlier, with reference to Exhibit 204?
 6 A. I don't know.
 7 Q. And you may not know this, but let me
 8 ask it. My understanding is, you did not prepare
 9 this, and didn't have any involvement?
 10 A. No.
 11 Q. But you are familiar, generally, with
 12 financial statements?
 13 A. Uh-huh.
 14 Q. All right. The miscellaneous trust
 15 figure, do you know whether or not it is
 16 accounted for on page 5 of the financial report,
 17 which is the statement of net assets?
 18 A. I do not know.
 19 Q. Generally, in your experience as a CPA,
 20 are statements of -- are fiduciary net assets
 21 accounted for with net assets?
 22 A. I don't think I have the experience to
 23 answer that one way or another.
 24 Q. All right.
 25 A. I would point out, though, Mr. Hindley,

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1 that on the statement of fiduciary net assets in
 2 the miscellaneous trusts, there -- besides the
 3 assets associated with that, there is also
 4 liabilities associated with that miscellaneous
 5 trusts, which would lead me to believe that the
 6 County improvement, and the auditor trust are not
 7 included in that, since they don't have any
 8 liability associated with them.
 9 Q. Okay. If you turn to Exhibit 243; are
 10 you with me?
 11 A. (Witness complying.)
 12 Q. Are you there?
 13 A. Uh-huh.
 14 Q. All right. 243, I'll represent is a
 15 document that was produced to us by you guys.
 16 And I'm not quite sure whether or not that's your
 17 handwritten sticky note that's shown on that?
 18 A. It is. I believe these are documents
 19 that I had received from the treasurer, at some
 20 point in time. And they were in my files for
 21 the -- and produced for the 2004 exam.
 22 Q. Okay. And it looks to me like they
 23 are -- the exhibits have several individual
 24 documents. So I just want to focus your
 25 attention right now, just on the first page --

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1 A. Okay.
2 Q. -- of this exhibit. Do you know what
3 this is?
4 A. Well, it looks to me like it's some
5 sort of a confirmation document from the bank.
6 Q. Okay. Confirmation that the County
7 invested a half a million dollars for a 26 week
8 CD in October of 2010. Do you see that?
9 A. Uh-huh, yeah. That's what it looks
10 like to me.
11 Q. All right. I know I've asked you this
12 before. But with this particular investment,
13 with all the other investments, you can't tell me
14 which funds this money came out of; right?
15 A. No, I can't.
16 Q. Okay. The maturity date on this,
17 though, was for April 21st, 2011?
18 A. Okay.
19 Q. Do you see that?
20 A. Uh-huh.
21 Q. All right. Where did the money go?
22 A. I don't know.
23 Q. You don't know what fund this money was
24 attributed to?
25 A. No, it would have gone into some other

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1 cash account, is my description.
2 Q. But you don't know?
3 A. No, I don't know.
4 Q. Okay. When the money came back at the
5 maturity, from an accounting perspective, do you
6 know whether this money was credited back to any
7 of the funds? And if so, what funds?
8 A. I don't -- I don't know.
9 Q. Okay. All right. Now, would you agree
10 with me, that the financial records, and the
11 record keeping at Boise County, were not in good
12 order when you came into order -- office? I
13 mean, that seems to be your prior testimony?
14 A. I agree with that.
15 Q. Disarray wouldn't be too strong of a
16 word?
17 A. No.
18 Q. Okay. And you've identified several of
19 the problems; is that right?
20 A. Yes.
21 Q. Okay.
22 A. We've identified several of the
23 problems. I don't know how much -- what else we
24 might find, I mean.
25 Q. And it sounded to me like from your

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1 earlier testimony, that Ms. Swearingen -- is that
2 her?
3 A. Swearingen, uh-huh.
4 Q. Yeah. That she was not keeping the
5 books up to a standard that you would have liked
6 to have seen?
7 A. Correct.
8 Q. Okay. And who is she exactly, again?
9 A. She was the former clerk; an elected
10 official.
11 Q. And you saw from your review of the
12 documents and records in the auditor's
13 department, that she's created a lot of
14 problems -- her --
15 A. I found a lot of errors.
16 Q. That she had a lot of errors in her
17 work. Okay.
18 Now, you are a CPA; correct?
19 A. Correct.
20 Q. Okay. And you've been an outside
21 auditor for, and conducted audits on other
22 companies; right?
23 A. Yeah.
24 Q. Okay.
25 A. It's been a while, but, yeah.

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1 Q. Been a while.
2 Now, are the problems that you saw, the
3 issues and the errors that you saw from
4 Ms. Swearingen's time, do you believe as a CPA,
5 that those errors should have been caught by an
6 outside accountant?
7 A. Not necessarily.
8 Q. And why do you say, "not necessarily"?
9 A. Well, because an audit is not, you
10 know, a detailed review of every transaction that
11 goes through. But that is why they look at
12 internal controls. It means the stronger your
13 internal controls are, the less likelihood you
14 have an error.
15 Q. Okay. So from that, do you have
16 any -- I know that it's just a draft financial
17 statement. But you haven't seen the same level,
18 or any of the errors from Ms. Swearingen's time,
19 carryover to the draft state; have you, to the
20 draft financial statement?
21 A. Having not looked at it, and tied
22 numbers out, I can't answer that question.
23 Q. Okay. So you don't know one way or the
24 other, that the errors that Ms. Swearingen had
25 carried over to the financial statements, one way

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58 (Pages 217 to 220)

1 or the other, you don't know?
 2 A. No, I don't know. And I believe that
 3 probably a lot of her errors were associated with
 4 more of the administrative side of things that
 5 the clerk's office has responsibility for.
 6 **Q. Okay.**
 7 A. So they may not necessarily -- they
 8 might not necessarily affect the financial
 9 statements, themselves.
 10 **Q. All right. Now, let's take a -- let's**
 11 **go on to another subject for just a moment, and**
 12 **talk about the indigent fund. And I think you've**
 13 **already described what the indigent fund is. Let**
 14 **me ask you a couple of questions about it,**
 15 **though.**
 16 **First of all, do you understand that it**
 17 **is a program of payment of last resort?**
 18 A. Yes.
 19 **Q. And what does that mean?**
 20 A. It -- meaning that the individual, in
 21 order to qualify for indigency status, has to be
 22 of a certain level of financial capability, and
 23 all other sources, for instance, Medicare, or
 24 Medicaid need to have been exhausted.
 25 **Q. All right. And have those -- and my**
 Page 221

1 understanding is you -- it's about \$550,000, in
 2 your best estimation now?
 3 A. That would be the gross, yes --
 4 **Q. Okay.**
 5 A. -- for what's unrecorded. I mean, we
 6 have -- you know, every month there is new cases
 7 that come in. The 550,000 is only associated
 8 with the claims that were not administered in
 9 2010.
 10 **Q. All right. Have those \$550,000 worth**
 11 **of unrecorded indigent claims then, have they**
 12 **been accounted for in Exhibit 111 and 112?**
 13 A. Those are the -- that's the financial
 14 models, correct?
 15 **Q. Yes.**
 16 A. No, they have not, because those are
 17 creditors. Those health care providers are
 18 creditors, so they are excluded from that.
 19 **Q. Okay. Were they included in -- oh,**
 20 **never mind. So in neither 111 or 112, they were**
 21 **accounted for?**
 22 A. Right.
 23 **Q. All right. So has that number, the**
 24 **\$550,000, been reduced for Medicaid coverage?**
 25 A. Not as of yet.
 Page 222

1 **Q. Okay.**
 2 A. We need additional information in order
 3 to do that.
 4 **Q. Now, the number could be something way**
 5 **less than \$550,000; isn't that right?**
 6 A. It could be.
 7 **Q. In fact, you just don't know what it is**
 8 **going to be; right?**
 9 A. I don't.
 10 **Q. Especially, when you figure in Medicaid**
 11 **coverage; right?**
 12 A. Correct.
 13 **Q. Has the County actually been billed for**
 14 **these \$550,000 worth of unrecorded indigent**
 15 **claims?**
 16 A. At this --
 17 **Q. Have you gotten a bill that says, pay**
 18 **so and so provider?**
 19 A. At -- no, that's something we've been
 20 working on. I think the indigent clerk probably
 21 has some claims, some health care provider
 22 information for some claims, but certainly not
 23 all of it.
 24 **Q. All right. So, of this pool of**
 25 **\$550,000 unrecorded indigent claims, my question**
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1 **is: How much of that has actually been billed to**
 2 **the County?**
 3 A. I can't answer that. I don't know.
 4 **Q. \$50,000?**
 5 A. We've been working with St. Luke's,
 6 specifically, and Saint Al's. And we've
 7 struggled, getting them to give us billings.
 8 **Q. So they haven't billed you at all?**
 9 A. They may or may not have. I mean, you
 10 know, to the extent they billed back in 2010, and
 11 the records weren't being kept, you know, I don't
 12 know. We've asked them to bill us.
 13 **Q. Okay.**
 14 A. To send us the billing information.
 15 **Q. Do you know when any of this \$550,000**
 16 **of reported unrecorded indigent claims are due?**
 17 A. I would assume that they are due once
 18 we get the billing from the health care providers
 19 for a claim, and bring it down to Medicare rates.
 20 I would assume.
 21 **Q. But since you haven't been billed, you**
 22 **can't -- you don't know when it's due; right?**
 23 A. And to the extent that they are part of
 24 the bankruptcy, then I think that my
 25 understanding is, that they will have to go
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1 through the same creditor process as all the
 2 other creditors.
 3 **Q. Well, this is a bankruptcy case. And**
 4 **you understand if it continues, there is going to**
 5 **be a plan of reorganization; right?**
 6 A. Yes.
 7 **Q. And, in fact, a plan of reorganization**
 8 **has been filed by the County; isn't that right?**
 9 A. Yes.
 10 **Q. Okay. At the time of filing the**
 11 **petition, however, there was no draft plan; isn't**
 12 **that correct?**
 13 A. I actually have not read -- I briefly
 14 read through what had been filed, and I don't
 15 recall seeing that.
 16 **Q. So there was not a draft plan at the**
 17 **time of petition; right?**
 18 A. Oh, at the time of our petition?
 19 **Q. Yes.**
 20 A. No.
 21 **Q. Yeah. Okay. And, in fact, the County**
 22 **hadn't even started working on a plan, at that**
 23 **point in time; is that right?**
 24 A. That's correct.
 25 **Q. Okay. And the County hadn't even**
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1 A. I hired him for his ability to put the
 2 cash model together.
 3 **Q. Did you put together -- now, I**
 4 **understand that you were one of the ones, if not,**
 5 **the primary person, to develop the 2012 cash**
 6 **flow; right, Exhibit 112?**
 7 A. Yes.
 8 **Q. All right. Let me go back to the**
 9 **indigent fund questions, just for one moment.**
 10 **And if you turn to 112, and I think the indigent**
 11 **fund sheet is on the 6th page; right?**
 12 A. Uh-huh, yes.
 13 **Q. Now, you'll see that the expenditures**
 14 **range from 15,000 to 21,000 for each month during**
 15 **fiscal year 2012?**
 16 A. Yes.
 17 **Q. And maybe even 22,000; right?**
 18 A. Yes.
 19 **Q. Okay. And you are the one who budgeted**
 20 **these numbers?**
 21 A. Correct.
 22 **Q. Okay. Now, isn't it true that the**
 23 **indigency expenditures have not been anywhere**
 24 **near these amounts in the recent past?**
 25 A. Well, because nothing was paid. It
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1 **started working on the parameters of the plan, at**
 2 **that point in time; right?**
 3 A. That's correct.
 4 **Q. Okay. Now, you mentioned a gentleman**
 5 **by the name of Edwin --**
 6 A. Eichelhoff.
 7 **Q. -- Eichelhoff?**
 8 A. Yes.
 9 **Q. And he was the gentleman who helped you**
 10 **prepare the cash flow summaries?**
 11 A. Yes.
 12 **Q. And you recruited him?**
 13 A. Yes.
 14 **Q. And this gentleman has no experience,**
 15 **that you know of, for working for any**
 16 **governmental entity on their finances; isn't that**
 17 **correct?**
 18 A. I didn't specifically ask him that.
 19 **Q. Do you know if he has any financial --**
 20 A. From that -- I'm not aware if he does
 21 or not.
 22 **Q. You don't know if he has any**
 23 **experience?**
 24 A. I don't know.
 25 **Q. Okay.**
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1 doesn't mean that we don't have claims.
 2 **Q. Okay. So you are saying that in the**
 3 **prior years --**
 4 A. There's a timing situation. And so
 5 what I had to do is just look at the number of
 6 claims, activity per month for, I think, I looked
 7 at -- I'm not sure if I looked at all of fiscal
 8 year 2011, but at least for January through May,
 9 the first part of May, and those claims, in terms
 10 of the numbers of claims, have risen
 11 dramatically.
 12 I also attended a Health and Welfare
 13 conference back in April, I believe. And they
 14 indicated at that conference that all the
 15 counties were experiencing a similar experience,
 16 i.e., an increase in the number of claims.
 17 **Q. All right. So I think I understand**
 18 **now. The \$550,000 is your best estimation of**
 19 **past claims that were not made, entitled to be**
 20 **made, and now are coming due; right?**
 21 A. Yes, they're past claims.
 22 **Q. All right.**
 23 A. Yes.
 24 **Q. Not for fiscal year 2010, but even**
 25 **perhaps, fiscal year 2009, fiscal year 2008. How**
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<p>1 far back do they go? 2 A. I don't think that far back. I think, 3 just the end of 2009 and all of 2010. 4 Q. All right. 5 A. And I suppose there could be a portion 6 of that first quarter two-thousand- -- fiscal 7 year 2011. Because we're talking about a 8 calendar year for the indigents versus fiscal 9 year. 10 MR. HINDLEY: Okay. Your Honor, at 11 this point, there might be -- I mean, I've still 12 got some questioning, but it's probably the best 13 place to break. 14 THE COURT: I was going to ask you in a 15 few minutes, anyway, if there was a spot. So 16 that it would make good sense. 17 MR. HINDLEY: This is the spot. 18 THE COURT: All right. I have no 19 problem with that. Is 9:30 still acceptable for 20 the parties to be present, and ready to start up 21 in the morning? 22 MR. CLARK: Certainly, Your Honor. 23 MR. HINDLEY: Certainly. 24 THE COURT: All right. 25 MR. HINDLEY: Your Honor, one question Page 229</p>	

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1 about scheduling, though. We had scheduled this
2 for two days, obviously, and we've -- Mr. Clark
3 and I have spoken that there is a possibility
4 that this might carry over to a third day. I
5 don't know what the Judge's availability is?

6 THE COURT: I would prefer to do it on
7 Thursday, and continue it, consecutively, while
8 the parties are here.

9 MR. HINDLEY: If that's -- if we go
10 into a third day -- if we go into a third day,
11 then that's what we'll plan on doing, Your Honor.

12 THE COURT: That would be my
13 preference.

14 MR. HINDLEY: Perfect.

15 THE COURT: We'll make it work.

16 MR. HINDLEY: Thank you, Your Honor.

17 MR. CLARK: Thank you very much, Your
18 Honor.

19 THE COURT: Okay. Thank you. Have a
20 good evening. I'll see you tomorrow morning.

21 MR. CLARK: Thank you, Your Honor.

22 (Whereupon the deposition was concluded at 4:44
23 p.m.)

24 *****

25

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1 REPORTER'S CERTIFICATE

2

3 STATE OF IDAHO)

4) SS.

5 County of Ada)

6

7 I, COLLEEN P. ZEIMANTZ, CSR, a Notary Public in
8 and for the State of Idaho, do hereby certify:

9 That said hearing was taken down by me from CDs;
10 and thereafter reduced to typewriting, and that the
11 foregoing transcript contains a full, true and
12 verbatim record of the said hearing from the CDs.

13 I further certify that I have no interest in the
14 event of the action.

15 WITNESS my hand and seal this _____ day of
16 _____, _____.

17

18

19

20

21

22 _____
COLLEEN P. ZEIMANTZ, CSR #345
23 Notary Public in and for
the State of Idaho.

24

25 My commission expires September 17, 2011.