

BONNER COUNTY, IDAHO

Sandpoint, Idaho

Audited Financial Statements
For the Year Ended September 30, 2019

BONNER COUNTY, IDAHO
Sandpoint, Idaho

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INTRODUCTORY SECTION

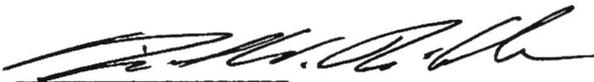


BONNER COUNTY, IDAHO
COUNTY AUDITOR'S CERTIFICATE

For the Fiscal Year Ended September 30, 2019

COUNTY OF BONNER
STATE OF IDAHO

Michael Rosedale, being first duly sworn, deposes and says that he is the County Clerk of Bonner County, Idaho, that to the best of his knowledge the following is a full, true, and correct and complete statement of the financial condition of said county for the year ended September 30, 2019.



Michael Rosedale
County Clerk

Subscribed and sworn to before me this 10th day of June, 2020

Notary Public

Approved by the Board of Commissioners of Bonner County, Idaho in regular session this 16th day of June, 2020.



Jeff Connolly, Commissioner



Dan McDonald, Commissioner



Steven Bradshaw, Commissioner

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho 83864

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of September 30, 2019, and the respective changes in financial position and where applicable, cash flows, thereof and for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, the budgetary comparison schedules on pages 48-51 and the net pension liability related schedules on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bonner County's basic financial statements. The introductory section, combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and nonmajor fund financial statements and the schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2020 on our consideration of Bonner County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bonner County's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
April 24, 2020

Bonner County, Idaho

Sandpoint, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2019

As management of Bonner County, we offer readers of our financial statements this narrative overview and analysis of the financial activities of Bonner County for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented herein in conjunction with additional information that has been furnished in the accompanying *Notes to the Financial Statements* which are a part of this audit report. Comparative analysis will be done on key elements of governmental funds and enterprise funds in this MD&A.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to Bonner County's basic financial statements. Our basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: These statements give a broad overview of Bonner County's finances.

The *statement of net position* (SONP) presents information on all County governmental and business-type assets, deferred outflow of resources, liabilities, and deferred inflow of resources, with the difference reported utilizing the technical phrase "net position".

The *statement of activities* (SOA) presents information on all County governmental and business-type revenue and expenses, with the difference reported as a change in net position.

Both of the above noted government-wide financial statements distinguish functions of Bonner County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Bonner County include all of its general operating costs for all functions except its Solid Waste department. The business-type activities of the County include its Solid Waste operations.

The government-wide financial statements contain information relative only to Bonner County itself and none of the 54 other taxing districts and 5 urban renewal districts housed within its boundaries. They are separate political parts of the State of Idaho and are not considered political-parts of the County.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A detailed explanation of these funds can be found in Note 1 of this report. Bonner County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - This category includes the operations for all departments except for Solid Waste.

Proprietary Funds - The Solid Waste operations are our only Proprietary Fund.

Fiduciary Funds - The Fiduciary Funds are those dollars that we hold in trust for other agencies and taxing districts.

Notes to the Financial Statements: For an overview of Bonner County and its operations, one should refer to the *Notes to the Financial Statements*, which are an integral part of this report. There, discussion is had concerning the structure of the various offices; how and why our funds are established; when we call

for budgets; how changes to a budget can be made once adopted; information concerning our long-term debt, capital assets, and leases.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning Bonner County's progress in funding its obligations.

Government-wide Financial Analysis

Bonner County is able to provide a comparative analysis of the government-wide data presented in compliance with the requirements of the Governmental Accounting Standards Board (GASB). The comparisons are found in tables throughout this section. As you examine the tables, you will find all of our activities, except Solid Waste, listed under Governmental Activities. Solid Waste information is located under the headings noted as Business-type Activities. Our Ambulance Service (EMS) is a stand-alone taxing district governed by the Board of County Commissioners and is included in the Government-wide activities.

Table 1 – summarizes the County's net position for 2019 compared to 2018:

Condensed Statements of Net Position							
	Governmental Activities		Business-type Activities		Total County		% Change
	2019	2018	2019	2018	2019	2018	2018 to 2019
Current & other assets	\$ 56,959,569	\$ 54,061,560	\$ 7,933,666	\$ 6,029,993	\$ 64,893,235	\$ 60,091,553	8.0%
Capital assets	44,499,070	45,461,063	3,426,222	3,874,194	47,925,292	\$ 49,335,257	-2.9%
Deferred outflows of resources	1,833,428	2,071,105	86,485	106,713	1,919,913	\$ 2,177,818	-11.8%
Total assets and deferred outflows of	103,292,067	101,593,728	11,446,373	10,010,900	114,738,440	111,604,628	2.8%
Current and other liabilities	3,630,553	4,665,195	1,646,330	1,011,162	5,276,883	\$ 5,676,357	-7.0%
Noncurrent liabilities	11,677,334	11,760,357	366,272	478,256	12,043,606	\$ 12,238,613	-1.6%
Deferred inflows of resources	33,087,015	31,634,939	4,925,209	3,024,227	38,012,224	\$ 34,659,166	9.7%
Total liabilities and deferred inflows of resources	48,394,902	48,060,491	6,937,811	4,513,645	55,332,713	52,574,136	5.2%
Net position							
Net investment in capital assets	40,593,556	42,205,558	3,426,222	3,874,194	44,019,778	46,079,752	-4.5%
Restricted for:							
Gen. Gov.	3,034,666	2,290,184	-	-	3,034,666	2,290,184	32.5%
Public Safety	6,140,896	6,980,747	-	-	6,140,896	6,980,747	-12.0%
Road & Bridge	3,980,488	2,311,441	-	-	3,980,488	2,311,441	72.2%
Emergency Med. Svc.	2,864,320	2,506,499	-	-	2,864,320	2,506,499	14.3%
Debt. Service	-	-	664	664	664	664	0.0%
Historical Soc. & Rec.	425,678	536,798	-	-	425,678	536,798	-20.7%
Health & welfare	546,354	675,050	-	-	546,354	675,050	-19.1%
Weeds	40,090	48,770	-	-	40,090	48,770	-17.8%
Self funded health ins.	212,051	269,325	-	-	212,051	269,325	-21.3%
Road Construction	428,045	240,824	-	-	428,045	240,824	77.7%
Capital Projects	241	80	-	-	241	80	201.3%
Unrestricted	(3,369,220)	(4,532,039)	1,081,676	1,622,397	(2,287,544)	(2,909,642)	21.4%
Total net position	54,897,165	53,533,237	4,508,562	5,497,255	59,405,727	59,030,492	0.6%

As noted earlier, Bonner County's net position, when reviewed over time, may serve as a useful indicator of Bonner County's financial position. In the case of Bonner County, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$59,405,729 (\$54,897,165 in governmental activities and \$4,508,562 in business-type activities) as of September 30, 2019. The amount of net position shown as Net Investment in Capital Assets (74% of net position) are capital assets used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (29.8%) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$2,287,544) may be used to meet the County's ongoing obligations to citizens and creditors. The unrestricted balance is negative as of September 30, 2019 due to the county's net pension liability of \$7,105,414. This liability is long term in nature and will be paid as required by PERSI on an ongoing basis.

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net position for the government as a whole.

Table 2 – shows the changes in net position for 2019 and 2018:

Changes in Net Position							
	Governmental Activities		Business-type Activities		Total County		Total % change
	2019	2018	2019	2018	2019	2018	2019/8
Revenues							
Program							
Charges for services	\$ 4,982,565	\$ 4,402,801	\$2,863,325	\$ 2,481,337	\$ 7,845,890	\$ 6,884,138	14.0%
Operating grants & contributions	30,916	1,885,777	-	-	\$ 30,916	1,885,777	-98.4%
Capital grants & contributions	2,459,949	597,812	-	-	\$ 2,459,949	597,812	311.5%
General							
Property taxes:	30,094,959	28,502,082	-	-	\$30,094,959	28,502,082	5.6%
Other taxes		-	3,014,593	2,692,978	\$ 3,014,593	2,692,978	11.9%
Inter-governmental	7,611,377	8,072,576	-	-	\$ 7,611,377	8,072,576	-5.7%
Contributions to Self-Funded Health Ins	3,225,533	269,325	-	-	\$ 3,225,533	269,325	1097.6%
Other Revenues	3,714,818	3,238,586	(17,670)	9,175	\$ 3,697,148	3,247,761	13.8%
Total Revenues	52,120,117	46,968,959	5,860,248	5,183,490	57,980,365	52,152,449	11.2%
Expenses							
General government	14,403,394	10,611,715	-	-	\$14,403,394	10,611,715	35.7%
Public safety	21,130,333	20,022,906	-	-	\$21,130,333	20,022,906	5.5%
Emergency Med. Svc.	3,539,761	2,824,764	-	-	\$ 3,539,761	2,824,764	25.3%
Road & Bridge	9,513,488	8,886,345	-	-	\$ 9,513,488	8,886,345	7.1%
Weeds	141,238	144,317	-	-	\$ 141,238	144,317	-2.1%
Health	253,370	254,327	-	-	\$ 253,370	254,327	-0.4%
Welfare	233,027	244,287	-	-	\$ 233,027	244,287	-4.6%
Junior college	180,201	202,127	-	-	\$ 180,201	202,127	-10.8%
Historical society & recreation	856,977	716,829	-	-	\$ 856,977	716,829	19.6%
Capital outlay	396,711	1,916	-	-	\$ 396,711	1,916	20605.2%
Interest on Long-term debt	107,689	125,702	-	-	\$ 107,689	125,702	-14.3%
Solid waste		-	6,848,941	6,334,002	\$ 6,848,941	6,334,002	8.1%
Total expenses	50,756,189	44,035,235	6,848,941	6,334,002	57,605,130	50,369,237	14.4%
Change in net position	1,363,928	2,933,724	(988,693)	(1,150,512)	375,235	1,783,212	-79.0%

Governmental Activities

Charges for services were the County’s largest program revenue, accounting for \$4,982,565 or 9.6% of total governmental revenues. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

The County’s grant revenues from federal, state, and local sources made up \$2,490,865 or 4.78% of total governmental revenues.

Property tax revenues account for \$30,094,959 of the \$52,120,117 total revenues for governmental activities or 57.74% of total revenues.

The largest program was Public Safety, accounting for \$21,130,333 and representing 41.63% of total governmental expenses. Road and Bridge accounted for \$9,513,488 of the \$50,756,189 total expenses for governmental activities, or 18.74% of total expenses.

Tables 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Of the total charges for services revenues of \$4,982,565, \$965,558 was received and used to fund the general government expenses of \$14,403,394 of the County. The remaining \$29,875,839 in net governmental activity costs are funded by property taxes, sales taxes, and intergovernmental revenues.

Table 3 – Summaries of the governmental activities’ costs of services for 2019 and 2018:

Condensed Statement of Activities						
	Total Cost of Services		% Change	Net Cost of Services		% Change
	2019	2018	2018-2019	2019	2018	2018-2019
General government	\$ 14,403,394	\$ 10,611,715	35.7%	\$ 13,406,920	\$ 9,706,095	38.1%
Public safety	21,130,333	20,022,906	5.5%	16,504,939	15,385,815	7.3%
Emergency Med. Svc.	3,539,761	2,824,764	25.3%	2,484,458	1,941,407	28.0%
Road & Bridge	9,513,488	8,886,345	7.1%	8,742,229	8,448,021	3.5%
Weeds	141,238	144,317	-2.1%	141,238	144,317	-2.1%
Health	253,370	254,327	-0.4%	253,370	254,327	-0.4%
Welfare	233,027	244,287	-4.6%	233,027	244,287	-4.6%
Junior college	180,201	202,127	-10.8%	180,201	202,127	-10.8%
Historical Society & Rec.	856,977	716,829	19.6%	831,977	694,831	19.7%
Capital outlay	396,711	1,916	20605.2%	396,711	1,916	20605.2%
Interest on long-term debt	107,689	125,702	-14.3%	107,689	125,702	-14.3%
Total Cost	\$ 50,756,189	\$ 44,035,235	15.3%	\$ 43,282,759	\$ 37,148,845	16.5%

Business-Type Activities

The net position for business-type activities decreased by \$988,693 during the year and charges for services revenue was \$2,863,325.

Governmental Funds: The major funds include our General (Current Rent Expense), Justice, Road and Bridge, and the Ambulance District funds. The Ambulance District increased their overall fund balance from last year.

Proprietary Fund: During fiscal year 2019, actual expenses exceeded revenues by \$988,693 for the Solid Waste fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the governmental-wide financial statements. These notes to the financial statements can be found at the end of the audit report.

Capital Assets

Capital assets are tangible and intangible assets, such as land, buildings, improvements to land or buildings, machinery, equipment, and infrastructure, that are used in operations and that have initial useful lives extending beyond a single annual reporting period.

The total net capital assets decreased by \$1,409,965 across all funds, including Solid Waste. This amount represents book value of assets less accumulated depreciation.

Long-Term Debt

Long-term liabilities are the debt incurred by the County. The debt typically has a maturity date that extends beyond a single annual reporting cycle. Additional information on long-term debt can be found in notes 6 and 7 in the basic financial statements.

Please see the tables titled Condensed Statements of Net Position and Expenses and Net Cost of Governmental Activities for further detail regarding these comments. These tables are an integral part of the Managements' Discussion and Analysis report.

Bonner County has a capital lease debt related to the Administration building in the amount of \$1,248,305.

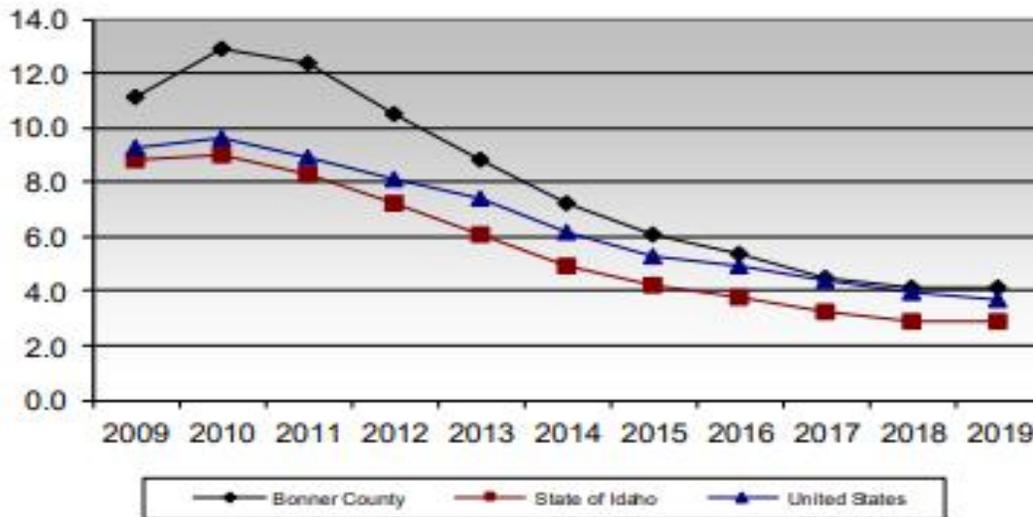
Budget Variations

Developing a budget is not an exact science. It is the best estimate available at the time of projection of the revenues you anticipate receiving and of the expenses you estimate will be incurred during the next fiscal year. For the fiscal year ended September 30, 2019, Road & Bridge expenditures exceeded appropriations by \$1,642,768.

Economic and Other Factors Affecting Next Year's Operations

Bonner County has enjoyed considerable success in diversifying and expanding its economy. Manufacturing jobs rose 27 percent from 1,486 in 2000 to 1,880 in 2010 while they fell 26 percent statewide. The aerospace sector has taken off in Bonner County with companies like Aerocet, Quest Aircraft, Cygnus and Tamarack Aerospace Group. Also contributing to the expansion were Lighthouse salad dressings, Unicep Packaging plastic applicators, Diedrich's coffee-roasting machines, Kochava mobile applications software, and Encoder Products electronics. But the recession claimed nearly 450 manufacturing jobs. The County's mainstay, sawmills, have been suffering from low prices. Since 2007, the Priest River area has lost more than 450 sawmill and logging jobs. The development of Schweitzer Mountain Resort and Sandpoint's reputation as a haven for the arts contributed to tourism growth. Schweitzer's expansions since 1990 have boosted winter employment at local motels, restaurants and stores. But as important as the winter tourism is, the summer brings even more tourists. The largest private employers are Lighthouse Inc, a manufacturer of salad dressing and related products headquartered in Sandpoint, and Walmart, major retail outlet located in Sandpoint. The timber industry's troubles, steep drops in construction and other effects of the recession are slowing the local economy. However, the County continues to lay the foundation for strong growth in the future.

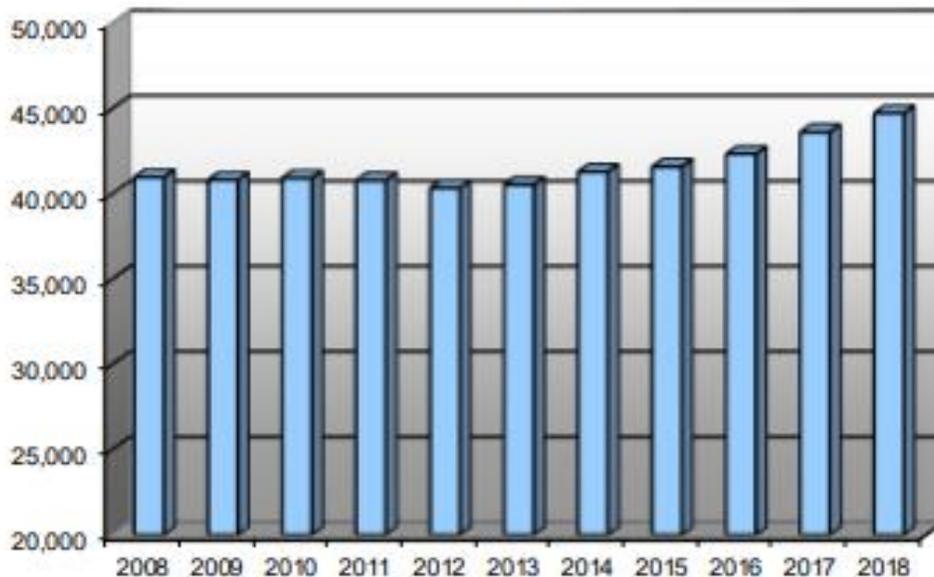
Unemployment Rates



Population

Bonner County has experienced steady population growth. Its beauty, recreational opportunities and quality of life attracted thousands of new residents. From 2008 to 2018, the County’s population grew 9 percent from 40,966 to 44,727 while Idaho's population grew 14.3 percent and the U.S. population grew 7.6 percent. The County also has hundreds of summer residents. Sandpoint, the County seat, had a population of 8,390 in 2017. Surrounding populations include 1,107 in Ponderay, 834 in Kootenai and 735 in Dover. The largest city west of Sandpoint, Priest River, has 1,811 residents. Clark Fork with 561 residents is the largest town to the east.

Population



County Operations

Bonner County complies with Idaho County Budget Law (Title 31, Chapter 16) and Government Accounting Standards Board (GASB) standards as required by Idaho Code.

Human Resources (HR):

FY19 benefits cost projections were 8.2%, however nationally many actuarial studies show the trend is running 6%. Bonner Counties projections were about 2.2% higher than national trends. Bonner County's final loss ratio was 93% on the medical plan, a savings to budget of approximately \$242K. Compared to the prior year's fully insured experience the costs were up 4% on a per employee basis. Dental plan costs for the year were above by 5%, a deficit of approximately \$10k. Compared to the prior year, costs were up 6% on a per employee basis. Bonner County also implemented enhanced voluntary benefits that were well received by employees and we continue with our wellness program.

Risk Management & Liability Insurance:

Bonner County's Self Insured Retention (SIR) program entered its third year with continued success. While other public entities across the US faced rising liability insurance costs, Bonner County was able to secure insurance with greater coverage for less cost than the previous year. This was largely made possible by Bonner County's low loss experience which is the product of our strong commitment to professionalism, accountability and risk management. Bonner County's department heads and managers supported the ambitious training program selected by the Board of Commissioners. This program included orientation, compliance, safety, and customer service related classes.

Road & Bridge:

Road & Bridge maintains 307 miles of paved roads and 368 miles of gravel roads through a network of three district road crews. The department operated FY19 with a total \$9.7M combined budget that included paving East Spring Creek Road, upgrading sanders, a new sweeper and belly dump, plus acquiring two used dump trucks. Major road reconstruction projects absorbed the majority of the construction season for two districts, delaying anticipated road maintenance projects until 2020.

The most recognized seasonal maintenance work of Road & Bridge is winter plowing and sanding, a \$1.9M operation that applies approximately 30,000 cubic yards of sand. Spring and fall are the seasons of the road grader, when all 11 units are deployed restoring gravel road surfaces. Graders and water trucks prep 250 miles of road for dust abatement treatment, applying \$490,000 of mag chloride. Chip sealing over 50 miles of existing asphalt roads in July and August throughout the county system consumed over \$600,000 of oil. Summer and fall are the seasons of road reconstruction, ditching and culvert replacement, interspersed with crack sealing.

Planning:

In 2019, Bonner County approved 871 building location permits (BLP) and 212 exempt structures for a total of 1083 permits. There were 39 more BLP's than the previous year which requires more on the ground efforts for reviewing setbacks, erosion control installations, and inspecting stormwater controls. We reviewed 44 floodplain development permits over 29 last year. We completed 73 minor land divisions compared to 50 last year. Land development, subdivisions and homebuilding will continue to be the main part of our work this year. There were 10 amendments proposed last year to the comprehensive plan map and zoning code. This will continue in 2020. We have now approved over 200 vacation rental permits in the County and are beginning to complete biennial renewals.

Silver Wing Development Litigation:

Bonner prevailed on all claims in Federal Court in the Silver Wing litigation matter.

Requests for Information

This financial report is designed to provide a general overview of Bonner County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Board of County Commissioners
Bonner County Administrative Office Building
1500 Hwy 2, Suite 308
Sandpoint, Idaho 83864

FINANCIAL STATEMENTS



BONNER COUNTY, IDAHO
Sandpoint, Idaho

STATEMENT OF NET POSITION
September 30, 2019

	PRIMARY GOVERNMENT		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	22,474,545	2,787,774	25,262,319
Receivables, net of allowance for uncollectibles:			
Taxes	1,162,248	-	1,162,248
Special assessments	-	132,926	132,926
Unbilled taxes	29,975,283	-	29,975,283
Unbilled special assessments	-	4,778,924	4,778,924
Interest	60	-	60
Fees	989	-	989
Accounts, net	518,204	223,109	741,313
Prepaid expenses	316,734	10,000	326,734
Due from other governments	2,427,506	269	2,427,775
Restricted assets:			
Deposit	84,000	-	84,000
Cash on deposit with fiscal agent	-	664	664
Total current assets	<u>56,959,569</u>	<u>7,933,666</u>	<u>64,893,235</u>
Noncurrent assets:			
Land	4,337,164	518,416	4,855,580
Construction in progress	1,050,808	-	1,050,808
Depreciable capital assets, net	39,111,098	2,907,806	42,018,904
Total noncurrent assets	<u>44,499,070</u>	<u>3,426,222</u>	<u>47,925,292</u>
Total assets	<u>101,458,639</u>	<u>11,359,888</u>	<u>112,818,527</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	1,833,428	86,485	1,919,913
LIABILITIES			
Current liabilities:			
Warrants payable	12,496	-	12,496
Accounts payable	2,143,218	768,664	2,911,882
Accrued payroll	520,529	24,913	545,442
Accrued retirement payable	58,285	2,753	61,038
Revenue anticipation note	250,000	850,000	1,100,000
IBNR claims liability	319,540	-	319,540
Capital leases payable, current portion	326,485	-	326,485
Total current liabilities	<u>3,630,553</u>	<u>1,646,330</u>	<u>5,276,883</u>
Noncurrent liabilities:			
Accrued compensated absences	1,311,924	47,239	1,359,163
Capital leases payable, less current portion	3,579,029	-	3,579,029
Net pension liability	6,786,381	319,033	7,105,414
Total noncurrent liabilities	<u>11,677,334</u>	<u>366,272</u>	<u>12,043,606</u>
Total liabilities	<u>15,307,887</u>	<u>2,012,602</u>	<u>17,320,489</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable tax revenue	29,975,283	-	29,975,283
Unavailable special assessment revenue	-	4,778,924	4,778,924
Pension related items	3,111,732	146,285	3,258,017
Total deferred inflows of resources	<u>33,087,015</u>	<u>4,925,209</u>	<u>38,012,224</u>
NET POSITION			
Net investment in capital assets	40,593,556	3,426,222	44,019,778
Restricted for:			
General government	3,034,666	-	3,034,666
Public safety	6,140,896	-	6,140,896
Road and bridge	3,980,488	-	3,980,488
Emergency medical services	2,864,320	-	2,864,320
Debt service	-	664	664
Historical society and recreation	425,678	-	425,678
Health and welfare	546,354	-	546,354
Weeds	40,090	-	40,090
Self funded health insurance	212,051	-	212,051
Road construction	428,045	-	428,045
Capital projects	241	-	241
Unrestricted	<u>(3,369,220)</u>	<u>1,081,676</u>	<u>(2,287,544)</u>
Total net position	<u>\$ 54,897,165</u>	<u>\$ 4,508,562</u>	<u>\$ 59,405,727</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental activities:							
General government	14,403,394	965,558	30,916	-	(13,406,920)	-	(13,406,920)
Public safety	21,130,333	2,936,704	-	1,688,690	(16,504,939)	-	(16,504,939)
Emergency medical services	3,539,761	1,055,303	-	-	(2,484,458)	-	(2,484,458)
Road and bridge	9,513,488	-	-	771,259	(8,742,229)	-	(8,742,229)
Weeds	141,238	-	-	-	(141,238)	-	(141,238)
Health	253,370	-	-	-	(253,370)	-	(253,370)
Welfare	233,027	-	-	-	(233,027)	-	(233,027)
Junior college	180,201	-	-	-	(180,201)	-	(180,201)
Historical society and recreation	856,977	25,000	-	-	(831,977)	-	(831,977)
Capital outlay	396,711	-	-	-	(396,711)	-	(396,711)
Interest on long-term debt	107,689	-	-	-	(107,689)	-	(107,689)
Total governmental activities	<u>50,756,189</u>	<u>4,982,565</u>	<u>30,916</u>	<u>2,459,949</u>	<u>(43,282,759)</u>	<u>-</u>	<u>(43,282,759)</u>
Business-type activities:							
Solid waste	6,848,941	2,863,325	-	-	-	(3,985,616)	(3,985,616)
Total business-type activities	<u>6,848,941</u>	<u>2,863,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,985,616)</u>	<u>(3,985,616)</u>
Total primary government	<u>\$ 57,605,130</u>	<u>\$ 7,845,890</u>	<u>\$ 30,916</u>	<u>\$ 2,459,949</u>	<u>(43,282,759)</u>	<u>(3,985,616)</u>	<u>(47,268,375)</u>
General revenues							
Taxes:							
Property taxes, levied for general purposes				30,094,959	-		30,094,959
Special assessments				-	3,014,593		3,014,593
Intergovernmental				7,611,377	-		7,611,377
Licenses and permits				1,125,020	-		1,125,020
Fines				107,751	-		107,751
Contributions to self funded health insurance				3,225,533	-		3,225,533
Gain (loss) on disposal of capital assets				324,458	(23,941)		300,517
Miscellaneous				1,421,838	6,271		1,428,109
Interest and investment earnings				735,751	-		735,751
Total general revenue				<u>44,646,687</u>	<u>2,996,923</u>		<u>47,643,610</u>
Change in net position				1,363,928	(988,693)		375,235
Net position - beginning of year				<u>53,533,237</u>	<u>5,497,255</u>		<u>59,030,492</u>
Total net position - end of year				<u>\$ 54,897,165</u>	<u>\$ 4,508,562</u>		<u>\$ 59,405,727</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2019

	General	Justice	Road and Bridge	Ambulance District	Nonmajor Governmental	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and investments	3,944,921	4,838,930	3,668,040	2,816,855	6,688,697	21,957,443
Receivables, net of allowance for uncollectibles:						
Taxes	183,900	450,760	226,285	100,868	200,435	1,162,248
Unbilled taxes	4,189,351	14,602,657	4,211,197	1,875,456	5,096,622	29,975,283
Interest	-	-	-	-	60	60
Fees	-	-	-	-	989	989
Accounts, net	114,692	12,282	35,041	182,345	173,844	518,204
Prepaid expenses	86,970	14,598	35,860	43,160	136,146	316,734
Due from other governments	329,821	610,619	872,261	-	614,805	2,427,506
Due from other funds	140,610	120,897	-	-	266,486	527,993
Total assets	<u>8,990,265</u>	<u>20,650,743</u>	<u>9,048,684</u>	<u>5,018,684</u>	<u>13,178,084</u>	<u>56,886,460</u>
Deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,990,265</u>	<u>\$ 20,650,743</u>	<u>\$ 9,048,684</u>	<u>\$ 5,018,684</u>	<u>\$ 13,178,084</u>	<u>\$ 56,886,460</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
Warrants payable	-	-	-	12,496	-	12,496
Accounts payable	241,968	457,805	579,758	28,612	765,564	2,073,707
Accrued payroll	83,651	219,053	63,906	53,907	100,012	520,529
Accrued retirement payable	9,594	24,446	7,084	6,110	11,051	58,285
Revenue anticipation note	-	250,000	-	-	-	250,000
Due to other funds	-	-	-	-	527,993	527,993
Total liabilities	<u>335,213</u>	<u>951,304</u>	<u>650,748</u>	<u>101,125</u>	<u>1,404,620</u>	<u>3,443,010</u>
Deferred inflows of resources:						
Deferred revenue	159,816	393,801	199,608	91,334	174,807	1,019,366
Unavailable tax revenue	4,189,351	14,602,657	4,211,197	1,875,456	5,096,622	29,975,283
Total deferred inflows of resources	<u>4,349,167</u>	<u>14,996,458</u>	<u>4,410,805</u>	<u>1,966,790</u>	<u>5,271,429</u>	<u>30,994,649</u>
Fund balance:						
Nonspendable	86,970	14,598	35,860	43,160	136,146	316,734
Restricted for:						
General government	-	-	-	-	3,183,239	3,183,239
Public safety	-	4,688,383	-	-	1,729,308	6,417,691
Road and bridge	-	-	3,951,271	-	-	3,951,271
Emergency medical services	-	-	-	2,907,609	-	2,907,609
Historical society and recreation	-	-	-	-	437,075	437,075
Health and welfare	-	-	-	-	548,702	548,702
Weeds	-	-	-	-	39,279	39,279
Road construction	-	-	-	-	428,045	428,045
Capital projects	-	-	-	-	241	241
Unassigned	4,218,915	-	-	-	-	4,218,915
Total fund balance	<u>4,305,885</u>	<u>4,702,981</u>	<u>3,987,131</u>	<u>2,950,769</u>	<u>6,502,035</u>	<u>22,448,801</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 8,990,265</u>	<u>\$ 20,650,743</u>	<u>\$ 9,048,684</u>	<u>\$ 5,018,684</u>	<u>\$ 13,178,084</u>	<u>\$ 56,886,460</u>

BONNER COUNTY, IDAHO

Sandpoint, Idaho

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2019

Total fund balances - governmental funds		22,448,801
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Cost of capital assets	528,277,250	
Accumulated depreciation	<u>(483,778,180)</u>	44,499,070
Assets that are not available to pay for current period expenditures are not considered available in the governmental funds:		
Property taxes		1,019,366
Net position of internal service funds are included in government-wide Statement of Net Position		
		212,051
Certain pension related items are recorded as deferred outflow or inflow of resources and recognized in future periods for governmental activities:		
Deferred outflow of resources		1,833,428
Deferred inflow of resources		<u>(3,111,732)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Capital leases payable, due within one year	(326,485)	
Compensated absences, due after one year	(1,311,924)	
Capital leases payable, due after one year	(3,579,029)	
Net pension liability	<u>(6,786,381)</u>	(12,003,819)
Total net position - governmental activities		<u>\$ 54,897,165</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2019

	<u>General</u>	<u>Justice</u>	<u>Road and Bridge</u>	<u>Ambulance District</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	5,312,010	11,104,699	5,633,497	2,771,118	5,268,662	30,089,986
Intergovernmental	1,349,470	2,212,111	3,698,176	-	2,842,485	10,102,242
Licenses and permits	601,813	306,498	-	-	216,709	1,125,020
Charges for services	941,041	1,200,035	-	1,055,303	1,786,186	4,982,565
Fines	-	-	-	-	107,751	107,751
Interest income	676,491	-	-	46,324	12,936	735,751
Miscellaneous	35,909	359,481	544,091	23,090	459,267	1,421,838
Total revenues	<u>8,916,734</u>	<u>15,182,824</u>	<u>9,875,764</u>	<u>3,895,835</u>	<u>10,693,996</u>	<u>48,565,153</u>
EXPENDITURES						
General government	6,479,407	-	-	-	3,138,279	9,617,686
Public safety	264,359	15,697,671	-	-	3,985,948	19,947,978
Emergency medical expenses	-	-	-	3,440,279	-	3,440,279
Road and bridge	-	-	7,026,643	-	6,254	7,032,897
Weeds	-	-	-	-	129,496	129,496
Health	-	-	-	-	253,370	253,370
Welfare	-	-	-	-	229,248	229,248
Junior college	-	-	-	-	180,201	180,201
Historical society and recreation	-	-	-	-	790,176	790,176
Capital outlay	459,475	353,368	2,926,434	140,667	1,582,614	5,462,558
Debt service:						
Principal	110,633	-	1,117,743	27,703	26,848	1,282,927
Interest	61,385	-	44,858	235	1,211	107,689
Total expenditures	<u>7,375,259</u>	<u>16,051,039</u>	<u>11,115,678</u>	<u>3,608,884</u>	<u>10,323,645</u>	<u>48,474,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,541,475</u>	<u>(868,215)</u>	<u>(1,239,914)</u>	<u>286,951</u>	<u>370,351</u>	<u>90,648</u>
Other financing sources (uses)						
Transfer in (out)	(83,477)	-	-	-	83,477	-
Proceeds from capital lease	28,774	-	1,889,942	5,280	8,940	1,932,936
Proceeds from sale of capital asset	33,721	-	1,064,285	6,325	-	1,104,331
Total other financing sources (uses)	<u>(20,982)</u>	<u>-</u>	<u>2,954,227</u>	<u>11,605</u>	<u>92,417</u>	<u>3,037,267</u>
Net change in fund balance	1,520,493	(868,215)	1,714,313	298,556	462,768	3,127,915
Fund balances - beginning of year	<u>2,785,392</u>	<u>5,571,196</u>	<u>2,272,818</u>	<u>2,652,213</u>	<u>6,039,267</u>	<u>19,320,886</u>
Fund balances - end of year	<u>\$ 4,305,885</u>	<u>\$ 4,702,981</u>	<u>\$ 3,987,131</u>	<u>\$ 2,950,769</u>	<u>\$ 6,502,035</u>	<u>\$ 22,448,801</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019**

Net change in fund balances - governmental funds		3,127,915
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities:</p>		
Capital outlays	5,065,847	
Depreciation expense	<u>(5,247,967)</u>	(182,120)
<p>Some property taxes will not be collected for several months after the County's fiscal year end and are not considered as "available" revenues in the governmental funds. Instead they are recorded as deferred revenues. They are however, recorded as revenues in the Statement of Activities.</p>		
		4,973
<p>Proceeds from the sale of capital assets are recorded as a gain for governmental funds, however, in the Statement of Activities, the gain is reduced by the remaining net depreciable basis associated with the disposed assets.</p>		
		(779,873)
<p>Proceeds from the issuance of long-term debt are recorded as revenues for governmental funds, but the issuance increases long-term debt in the Statement of Net Position. Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:</p>		
Capital lease financing received	(1,932,936)	
Principal payments	<u>1,282,927</u>	(650,009)
<p>Net pension liability adjustments:</p>		
Fiscal year 2018 employer PERSI contributions recognized as pension expense in the current year.	(498,767)	
Fiscal year 2019 employer PERSI contributions deferred to subsequent year.	565,545	
Pension related amortization expense.	<u>(126,539)</u>	(59,761)
<p>Net change of internal service funds not reflected in governments funds are included in the Statement of Activities</p>		
		(57,274)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount by which compensated absences incurred exceeded the amount paid during the year.</p>		
		<u>(39,923)</u>
Total change in net position of governmental activities		<u>\$ 1,363,928</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SOLID WASTE FUND
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019

Cash flows from operating activities		
Cash received from customers	2,852,205	
Cash paid to suppliers	(5,306,922)	
Cash paid for salaries and benefits	(1,369,944)	
Net cash used in operating activities		(3,824,661)
Cash flows from investing activities		-
Cash flows from capital financing and related financing activities		
Proceeds from tax anticipation note	850,000	
Net cash provided by (used in) capital financing activities		850,000
Cash flows from non-capital financing activities		
Special assessments	3,011,205	
Net cash provided by non-capital financing activities		3,011,205
Net increase (decrease) in cash and cash equivalents		36,544
Cash and cash equivalents- beginning of year		2,751,894
Cash and cash equivalents- end of year		<u>\$ 2,788,438</u>
Cash and cash equivalents reconciliation		
Cash and cash equivalents		2,787,774
Restricted assets:		
Cash on deposit with fiscal agent		664
Total cash and cash equivalents		<u>\$ 2,788,438</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss		(3,979,345)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	424,031	
Change in pension related items:		
Deferred outflow of resources	20,228	
Deferred inflow of resources	64,632	
Net pension liability	(118,479)	
Decrease (increase) in assets:		
Receivables	(30,304)	
Due from other governments	12,913	
Prepaid expenses	(10,000)	
Increase (decrease) in liabilities:		
Accounts payable	(211,273)	
Accrued payroll	536	
Accrued retirement payable	(4,095)	
Compensated absences	6,495	
Total adjustments		154,684
Net cash used in operating activities		<u>\$ (3,824,661)</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF NET POSITION
September 30, 2019

	<u>Self-Funded Medical Insurance</u>	<u>Self-Funded Dental Insurance</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	501,772	15,330	517,102
Restricted assets:			
Deposit	84,000	-	84,000
Total assets	<u>585,772</u>	<u>15,330</u>	<u>601,102</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts payable	69,511	-	69,511
IBNR claims liability	319,540	-	319,540
Total liabilities	<u>389,051</u>	<u>-</u>	<u>389,051</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted:			
Self funded health insurance	<u>\$ 196,721</u>	<u>\$ 15,330</u>	<u>\$ 212,051</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2019

	<u>Self Insured Medical Insurance</u>	<u>Self Insured Dental Insurance</u>	<u>Total</u>
REVENUE			
Contributions - employer	2,502,991	13,097	2,516,088
Contributions - employee	707,212	2,233	709,445
Total revenue	<u>3,210,203</u>	<u>15,330</u>	<u>3,225,533</u>
EXPENSES			
Administrative expense	689,011	-	689,011
Medical claims	2,041,801	-	2,041,801
Pharmacy claims	538,413	-	538,413
COBRA admin fees	13,582	-	13,582
Total expenses	<u>3,282,807</u>	<u>-</u>	<u>3,282,807</u>
Net change in net position	(72,604)	15,330	(57,274)
Net position - beginning of year	<u>269,325</u>	<u>-</u>	<u>269,325</u>
Net position - end of year	<u>\$ 196,721</u>	<u>\$ 15,330</u>	<u>\$ 212,051</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019

	Self Insured Medical Insurance	Self Insured Dental Insurance	Total
Cash flows from operating activities			
Contributions	3,210,203	15,330	3,225,533
Cash paid for benefits	(2,191,163)	-	(2,191,163)
Cash paid for administration	(658,530)	-	(658,530)
Net cash provided by operating activities	<u>360,510</u>	<u>15,330</u>	<u>375,840</u>
Cash flows from investing activities	-	-	-
Cash flows from capital financing and related financing activities	-	-	-
Cash flows from non-capital financing activities	-	-	-
Net increase in cash and cash equivalents	360,510	15,330	375,840
Cash and cash equivalents- beginning of year	<u>141,262</u>	<u>-</u>	<u>141,262</u>
Cash and cash equivalents- end of year	<u>\$ 501,772</u>	<u>\$ 15,330</u>	<u>\$ 517,102</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	(72,604)	15,330	(57,274)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease (increase) in assets:			
Prepaid expenses	44,063	-	44,063
(Decrease) increase in liabilities:			
Accounts payable	69,511	-	69,511
IBNR claims liability	319,540	-	319,540
Net cash provided operating activities	<u>\$ 360,510</u>	<u>\$ 15,330</u>	<u>\$ 375,840</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2019

		<u>Agency Funds</u>
ASSETS		
Cash and investments		<u>3,779,819</u>
DEFERRED OUTFLOWS OF RESOURCES		
		<u>-</u>
LIABILITIES		
Warrants payable	155,155	
Due to other governments	<u>3,624,664</u>	
Total liabilities		<u>3,779,819</u>
DEFERRED INFLOWS OF RESOURCES		
		<u>-</u>
NET POSITION		
		<u>\$ -</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 1 Summary of Significant Accounting Policies

Bonner County, Idaho was formed February 21, 1907 by an act of the Congress of the United States. The County provides the following services as provided by law: public safety, emergency medical services, road and bridge, weeds, health and social services, welfare, education, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of Bonner County, Idaho have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The County operates under a commissioner form of government, with supervision of various departments by elected officials as provided by the State Constitution. For financial reporting purposes, management has considered all potential component units which are controlled by, or whose boards are appointed by, the Board of County Commissioners. Control by the County was determined on the basis of budget adoption; the selection of management; the ability to significantly influence operations; accountability for fiscal matters; and other factors. Based on these criteria, there was one component unit, the Ambulance District, included in the County's report, which is reported within the special revenue funds and is reported as a major fund.

Ambulance District of Bonner County – is a blended component unit and is responsible for providing emergency medical services and medical transportation to the residents of the County. The Ambulance District's governing body is the same as that of Bonner County's governing body, the Board of County Commissioners. The County has the ability to significantly impose its will over the Ambulance District. Management of the Ambulance District consists of those individuals responsible for the day-to-day operations of the County; and the Ambulance District provides services wholly within the boundaries of the County with the intention of providing medical services to the residents of the County. Therefore, the Ambulance District is presented as a blended component unit and is grouped as a special revenue fund.

Basis of Presentation:

Government-Wide Statements – The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall County government, except for fiduciary activities. Both governmental activities, which are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues, and business-type activities,

NOTE 1 Summary of Significant Accounting Policies (Continued)

which are financed in whole or in part by fees charged to external parties for goods or services, are included.

The Statement of Net Position presents the County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets or the related debt obligations.

Restricted net position consists of net position that has constraints in place on its use externally by grant provisions or law. Assigned net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) is offset by program revenues.

-) Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable with a particular function.
-) Program revenues include (1) charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported, instead, as general revenues.
-) Indirect expenses have been allocated to the programs which best represent the nature of the expenditures as determined by management.

Fund Financial Statements – The fund financial statements provide information about the County's funds, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

NOTE 1 Summary of Significant Accounting Policies (Continued)

The County reports the following major governmental funds:

-) General Fund: is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
-) Justice Fund: accounts for the services and equipment used to provide for the public safety of the County.
-) Road and Bridge Fund: accounts for the design, construction and maintenance of the County roads.
-) Ambulance District: accounts for the revenues earned and services provided for medical care.

The County reports the following proprietary funds:

-) Solid Waste Fund: This fund accounts for revenues and expenses that are related to providing solid waste disposal services to County residents. Operating revenues are comprised of all activities other than investing and capital related revenues.
-) Self-Funded Medical Insurance Fund: This fund accounts for revenues and expenses that are related to providing self-funded medical expenses.
-) Self-Funded Dental Insurance Fund: This fund accounts for revenues and expenses that are related to providing self-funded dental expenses.

Additionally, the County reports the following fiduciary fund types:

-) Agency Funds: These funds report resources held for other governmental agencies, taxing districts and special purpose trusts on a short-term basis in a purely custodial capacity.

Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements (except agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. State support and grant revenues are susceptible to accrual.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenue available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Claims, judgments, and compensated absences are recognized as expenditures only to the extent they are normally expected to be paid from existing unrestricted fund balance. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the County's policy to first apply restricted resources to such programs, followed by unrestricted resources.

Budgets – Budgets are adopted on a basis consistent with governmental accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service proprietary a public hearing is held.

The County Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first Monday in August, the County Clerk submits to the County Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and sources of funding. It is published publicly on or before the third week in August.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to the first Tuesday after the first Monday of September, the budget is legally adopted by the Commission.

Cash and Cash Equivalents – Cash and cash equivalents includes amounts in demand deposits and short-term investments that do not meet the definition of an investment per GASB 72. State statute and commission investment policy authorizes the County to invest in obligations of the U.S. Treasury, the State of Idaho or county, city or other taxing districts of the State of Idaho. Commercial paper, corporate bonds, repurchase agreements, and investments are stated at cost. Interest income is defined as non-operating revenue.

Statement of Cash Flows – For the purposes of the statement of cash flows, all proprietary funds are considered highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Allowance for Uncollectible Amounts – No allowance for uncollectible amounts has been deemed necessary as of September 30, 2019 except for the ambulance district that recorded an allowance of \$183,569.

Encumbrances – The County does not follow the practice of encumbering funds at year-end.

Inventory – Inventory is valued at zero. All costs of expendable supplies are expensed when the supplies are purchased.

Short-Term Interfund Receivables/Payables – During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These short-term receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental funds Balance Sheet. To the extent possible, these balances have been eliminated on the Statement of Net Position.

Capital Assets – Capital assets are reported at actual or estimated historical cost based on appraisals of deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

The Board of Commissioners has set a capitalization threshold of \$5,000. All purchases and improvement to facilities that are not considered repairs are capitalized and depreciated using the straight-line method in the governmental and proprietary funds. Useful lives are as follows:

Buildings	40 years
Improvements other than buildings	10-20 years
Equipment	5 – 10 years
Infrastructure	20 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized.

Compensated absences – County employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days up to a maximum of 160-320 hours for employees depending on length of service. Employees are not reimbursed for sick leave not used.

Long Term Obligations – Long-term debt includes lease obligations, where, by intent, the County intends to take possession of the leased property at the end of the lease term (capital), usually by payment of a nominal sum. The amount of the lease obligation due within one year is shown as a current liability.

Deferred Revenue – Deferred revenue in the governmental funds represents property taxes receivable recorded but not collected within 60 days of the end of the accounting period.

Unavailable Tax Revenue – Unavailable tax revenue represents the property taxes levied for 2019 that are measurable but unavailable to the County, therefore recorded as a deferred inflow of resources in both governmental fund and government-wide financial statements.

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

Restricted Resources – The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance – In the fund statements, *non-spendable* fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants or lenders) or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, *assigned* fund balances represent the remaining amount that is not restricted or committed. The Board of Commissioners are the body authorized to assign amounts to a specific purpose, and typically do so when a specific revenue source is received and a special revenue fund is thereby established. *Unassigned* fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – The County has evaluated subsequent events through the date of the audit report. This is the date the financial statements were available to be issued. The County has concluded that no material subsequent events have occurred.

NOTE 2 Cash and Investments

The elected State Treasurer, following Idaho Code, is authorized to sponsor an investment pool that the County voluntarily participates in. The Local Government Investment Pool was established as a cooperative endeavor to enable public entities of the state of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (State Pool) is managed by the State of Idaho Treasurer’s office. The funds of the State Pool are invested in certificates

NOTE 2 Cash and Investments (Continued)

of deposit, repurchase agreements, and U.S. Government securities. The certificates of deposit are federally insured. The U.S. Government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. The State Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. An annual audit of the Local Government Investment Pool is conducted by the State Legislative Auditor's Office. The Legislative Auditor of the State of Idaho has full access to the records of the State Pool.

Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification.

Through an "Automatic Commercial Investment Sweep and Daily Repurchase Agreement" dated in December 2012 with Columbia Bank, and a "Master Repurchase Agreement" dated in June 2015 with Mountain West Bank and a "Collateralization Program" dated in August 2013 with Wells Fargo, the County invests idle cash in repurchase agreements that are not insured by the FDIC. However, the repurchase agreements are fully collateralized with an undivided, fractional interest in obligations of, or obligations that are fully guaranteed by, the United States Government, its agencies, or instrumentalities. Title to the securities is vested in the bank. The bank repurchases the undivided, fractional interest from the County on the next banking day.

Credit Risk - The County's investment policy requires individual investments to have a credit rating of A or better by Standard and Poor's Corporation or an equivalent nationally recognized statistical rating organization. All investments meet this requirement. The Local Government Investment Pool is not rated.

Concentration of Credit Risk - The County's investment policy currently limits the balance of investments with a single issuer to 50% of the County's total funds. As of September 30, 2019, the following issuers hold more than 5% of the County's total portfolio: State of Idaho Investment Pool – 35%, Columbia Bank – 44%, Mountain West Bank - 11% and Multi-Bank Securities, Inc. - 9%.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the County's deposits may not be available. As of September 30, 2019, the County's had no deposits that Bank exceed the FDIC insured limit of \$250,000.

Custodial Credit Risk – Investments - This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The County is exposed to custodial credit risk because it has repurchase agreement investments of \$12,116,785 that are uninsured, unregistered, and held by Columbia Bank, \$3,093,223 that are that are uninsured, unregistered, and held by Mountain West Bank. Columbia Bank and Mountain West Bank are the counterparties for the repurchase agreements. However, the risk is mitigated, because the repurchase agreements are fully collateralized by U.S. Government securities, with the

NOTE 2 Cash and Investments (Continued)

collateral held in trust by Federal Home Loan Bank in Columbia Bank and Mountain West Bank's name with market values of \$13,080,526 as of September 30, 2019. The Federal Home Loan Bank is an independent safekeeping agent unaffiliated with Columbia Bank and Mountain West Bank.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from changes in interest rates, the Treasurer may invest funds of the County that are not identified as operating funds, in investments with maturities longer than 450 days, but not to exceed four years. The County's investments are in compliance with this policy. The County assumes that its callable investments will not be called. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by holding all investments to maturity. The following table presents the County's exposure to credit risk in accordance with the Segmented Time Distribution method.

<u>Account</u>	<u>Under 30 Days</u>	<u>31-180 Days</u>	<u>181-365 Days</u>	<u>1 to 5 Years</u>	<u>Market Value</u>	<u>Cost</u>	<u>Percent of Total</u>
Columbia Bank							
Repurchase agreements							
Treasurer's account	9,499,930	-	-	-	9,499,930	9,499,930	32.61%
Ambulance account	2,616,855	-	-	-	2,616,855	2,616,855	8.98%
Checking accounts							
Ambulance checking	200,000	-	-	-	200,000	200,000	0.69%
General checking	140,000	-	-	-	140,000	140,000	0.48%
Fair association	234,941	-	-	-	234,941	234,941	0.81%
Drug Restitution	162,535	-	-	-	162,535	162,535	0.56%
4H	3,776	-	-	-	3,776	3,776	0.01%
Prosecutors	343	-	-	-	343	343	0.00%
Law foundation	3,204	-	-	-	3,204	3,204	0.01%
Medical	23,644	-	-	-	23,644	23,644	0.08%
Mountain West Bank							
Repurchase agreements	3,093,223	-	-	-	3,093,223	3,093,223	10.62%
Checking account							
Treasurer's checking	50,000	-	-	-	50,000	50,000	0.17%
Fair association	68,819	-	-	-	68,819	68,819	0.24%
Nationwide Retirement Solutions	229,395	-	-	-	229,395	229,395	0.79%
State of Idaho							
Local government investment pool	-	10,297,942	-	-	10,297,942	10,297,942	35.36%
Multi-Bank Securities, Inc.	-	-	-	2,493,600	2,493,600	2,492,225	8.56%
Cash on hand	8,545	-	-	-	8,545	8,545	0.03%
Total Cash and investments	<u>\$ 16,335,210</u>	<u>\$ 10,297,942</u>	<u>\$ -</u>	<u>\$ 2,493,600</u>	<u>\$ 29,126,752</u>	<u>\$ 29,125,377</u>	<u>100.0%</u>

NOTE 2 Cash and Investments (Continued)

The composition of the cash and investments accounts in the financial statements is as follows:

Cash on hand	8,545
Bank deposits	1,116,657
Carrying value of investments:	
Repurchase agreements	15,210,008
LGIP	10,297,942
Multi-Bank Securities	<u>2,493,600</u>
Total cash and investments	<u>\$29,126,752</u>

NOTE 3 Property Tax

The County's property tax is levied each October on the value listed as of the prior September 1 for all real and personal property located in the County. A revaluation of all property is required to be completed no less than every five years. The market value as of September, 2018, upon which the 2018 levy was based, was \$7,075,260,471 for the County and Ambulance District and was \$5,479,180,132 for the Road and Bridge fund.

Various sections of the Idaho Code limit the amount that may be levied for general and other fund purposes. The 2018 levy was 0.2982086% of market value for the County, 0.0378600% for the Ambulance District, and 0.1029372% for the Road and Bridge fund.

Taxes are due in two equal installments on December 20th and June 20th of the next year following the levy date. Interest and penalty charges begin to accrue following the installment due date. The total 2018 tax levy was \$30,403,554, of which 97.70% was collected and \$698,741 remains unpaid as of September 30, 2019.

Property taxes levied for 2018 and prior years and uncollected as of September 30, 2019 are shown as taxes receivable. To the extent that they are not collected by the County by November 30, 2019, a deferred revenue account in that amount is established in the governmental funds.

Total taxes receivable as of September 30, 2019	1,162,248
Less: Taxes collected by November 30, 2019	<u>(142,882)</u>
Total deferred tax revenue	<u>\$ 1,019,366</u>

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the County has recognized the 2019 property tax levy as a receivable. This levy is an enforceable legal claim created during the fiscal year. The total property tax levy for 2019 of \$29,975,283 is considered unavailable at September 30, 2019 and is recorded as a deferred inflow of resources.

NOTE 4 Due from Other Governments

Amounts due from other governmental units include balances due from the federal government, State of Idaho, and other local governments related to grant funded activities, including airport construction, weed control, and justice activities. The County believes all balances are collectible, and as a result has not established an allowance for uncollectible accounts.

NOTE 5 Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

Governmental activities:

	Balance September 30, 2018	Additions	Transfers/ Adjustments	Disposals	Balance September 30, 2019
Capital assets, depreciated:					
Infrastructure	464,741,628	682,210	2,179,911	(28,880)	467,574,869
Building and improvements	24,866,379	65,300	-	-	24,931,679
Machinery and equipment	29,014,491	3,403,280	308,755	(2,343,796)	30,382,730
Accumulated depreciation	(480,183,016)	(5,247,967)	-	1,652,803	(483,778,180)
Net capital assets, depreciated	<u>38,439,482</u>	<u>(1,097,177)</u>	<u>2,488,666</u>	<u>(719,873)</u>	<u>39,111,098</u>
Capital assets, not depreciated					
Land	4,337,164	-	-	-	4,337,164
Construction in progress	2,684,417	915,057	(2,488,666)	(60,000)	1,050,808
Total capital assets, not depreciated	<u>7,021,581</u>	<u>915,057</u>	<u>(2,488,666)</u>	<u>(60,000)</u>	<u>5,387,972</u>
Total capital assets, net	<u>\$ 45,461,063</u>	<u>\$ (182,120)</u>	<u>\$ -</u>	<u>\$ (779,873)</u>	<u>\$ 44,499,070</u>

During 2019, depreciation expense was charged to functions as follows:

General government	1,407,765
Public safety	1,222,733
Emergency medical services	91,441
Road and bridge	2,450,864
Weeds	11,268
Historical society and recreation	63,896
Total governmental activities depreciation expense	<u>\$5,247,967</u>

Business-type activities:

	Balance September 30, 2018	Additions	Transfers/ Adjustments	Disposals	Balance September 30, 2019
Capital assets, depreciated:					
Buildings and improvements	1,023,335	-	-	-	1,023,335
Other improvements	3,691,468	-	-	-	3,691,468
Machinery and equipment	1,439,644	-	-	(12,583)	1,427,061
Total capital assets, depreciated	<u>6,154,447</u>	<u>-</u>	<u>-</u>	<u>(12,583)</u>	<u>6,141,864</u>

NOTE 5 Capital Assets (Continued)

	Balance September 30, 2018	Additions	Transfers/ Adjustments	Disposals	Balance September 30, 2019
Less: accumulated depreciation					
Buildings and improvements	(501,910)	(30,749)	-	-	(532,659)
Other improvements	(1,498,069)	(284,736)	-	-	(1,782,805)
Machinery and equipment	(819,179)	(108,546)	-	9,131	(918,594)
Total accumulated depreciation	<u>(2,819,158)</u>	<u>(424,031)</u>	<u>-</u>	<u>9,131</u>	<u>(3,234,058)</u>
Net capital assets, depreciated	<u>3,335,289</u>	<u>(424,031)</u>	<u>-</u>	<u>(3,452)</u>	<u>2,907,806</u>
Capital assets, not depreciated					
Land	518,416	-	-	-	518,416
Construction in progress	20,489	-	-	(20,489)	-
Total capital assets, not depreciated	<u>538,905</u>	<u>-</u>	<u>-</u>	<u>(20,489)</u>	<u>518,416</u>
Total capital assets, net	<u>\$ 3,874,194</u>	<u>\$ (424,031)</u>	<u>\$ -</u>	<u>\$ (23,941)</u>	<u>\$ 3,426,222</u>

During 2019, \$424,031 depreciation expense was charged to Solid Waste.

NOTE 6 Leases

Operating Leases

Ambulance District - The County entered into an agreement to lease a building for Sandpoint EMS Station #1 which expired September 30, 2019 and was renewed for an additional year. For the current year, the payments were \$5,925 per month. Total payments made for the year ended September 30, 2019 were \$71,100.

Department of Motor Vehicles - On October 1, 2012, the County entered into an agreement to lease a portion of Bonner Mall for office space for a period of 15 years, renewable annually. For the current year, the payments were \$1,189 per month. Total payments made during the year ended September 30, 2019, were \$14,268.

Waterways - The County leases access to the Hope boat launch for sportsman access on an annual renewal expiring September 30th of each year. Total payments made for the year ended September 30, 2019, were \$650.

Airport Directors Office - The County leases an office space from Granite Aviation on a month-to-month basis. Total payments made for the year ended September 30, 2019, were \$5,400.

Little Blacktail Communication – On November 1, 2017, the County entered into an agreement with Day Wireless Systems to lease land for a tower site which expires September 30, 2022. Total payments made for the year ended September 30, 2019, were \$8,112.

NOTE 6 Leases (Continued)

Sundance Communication – On December 18, 2018, the County entered into an agreement with the State of Idaho to lease land for a tower site which expires December 31, 2020. Total payments made for the year ended September 30, 2019, were \$4,750.

HooDoo. Mountain Communications – On October 1, 2013, the County entered into an agreement with Blue Sky Broad to lease land for a tower site which expired September 30, 2019. Total payments made for the year ended September 30, 2019, were \$8,060.

Annual required payments are as follows:

2020	101,723
2021	25,002
2022	24,556
2023	15,825
2024	<u>16,222</u>
Total	<u>\$183,328</u>

Capital Leases

The County has entered into various leases to purchase equipment and buildings. These lease agreements qualify as capital leases for accounting purposes and are recorded in the capital assets of the County. The leases are collateralized by the assets. Future minimum annual lease payments under capital leases at September 30, 2019 are as follows:

Year Ending September, 30	Road and Bridge	Bonner County Administration	Ambulance	Technology Department	Airport	Total
2020	274,389	178,020	1,056	-	14,032	467,497
2021	273,613	171,934	1,056	-	-	446,603
2022	606,104	165,604	1,056	-	-	772,764
2023	400,622	165,604	1,056	-	-	567,282
2024	1,354,000	163,282	880	-	-	1,518,162
Thereafter	-	797,192	-	-	-	797,192
Total minimum lease payments	2,908,728	1,641,636	5,104	-	14,032	4,569,500
Less: amounts representing interest	(324,623)	(339,190)	-	-	(173)	(663,986)
Present Value of minimum Lease Payments	2,584,105	1,302,446	5,104	-	13,859	3,905,514
Less: amounts due within one year	(193,284)	(118,286)	(1,056)	-	(13,859)	(326,485)
Amounts due after one year	<u>\$ 2,390,821</u>	<u>\$ 1,184,160</u>	<u>\$ 4,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,579,029</u>
Current Year Interest Payment	<u>\$ 44,332</u>	<u>\$ 64,314</u>	<u>\$ 415</u>	<u>\$ 2</u>	<u>\$ 1,211</u>	<u>\$ 110,274</u>
Current Year Principal Payment	<u>\$ 1,117,743</u>	<u>\$ 109,956</u>	<u>\$ 27,703</u>	<u>\$ 677</u>	<u>\$ 26,848</u>	<u>\$ 1,282,927</u>

NOTE 7 Long-Term Obligations

A summary of changes in long-term liabilities of the County for the year ended September 30, 2019 is as follows:

	Long-Term Liabilities September 30, 2018	Current Year Activity	Long-term Liabilities September 30, 2019	Due Within One Year
<u>Governmental activities:</u>				
Notes from direct borrowings	-	250,000	250,000	250,000
Compensated absences	1,272,001	39,923	1,311,924	-
Total governmental activities	<u>\$ 1,272,001</u>	<u>\$ 289,923</u>	<u>\$ 1,561,924</u>	<u>\$ 250,000</u>
<u>Business-type activities:</u>				
Notes from direct borrowings	-	850,000	850,000	850,000
Compensated absences	40,744	6,495	47,239	-
Total business-type activities	<u>\$ 40,744</u>	<u>\$ 856,495</u>	<u>\$ 897,239</u>	<u>\$ 850,000</u>

The County obtained a revenue anticipation note (notes from direct borrowings) for \$1,100,000 in the current year, which was deposited in the Justice fund (\$250,000) and in the Solid Waste fund (\$850,000).

The County's outstanding notes from direct borrowings related to governmental activities of \$250,000 are secured with collateral of the fourth quarter anticipated revenues in the Justice Fund of \$3.3 million. For year ending September 30, 2020 the direct borrowings amount is due with a principal amount of \$250,000 and interest of \$7,125.

The County's outstanding notes from direct borrowings related to business-type activities of \$850,000 are secured with collateral of the fourth quarter anticipated revenues in the solid waste fund of \$2.8 million. For year ending September 30, 2020 the direct borrowings amount is due with a principal amount of \$850,000 and interest of \$24,225.

NOTE 8 Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of September 30, 2019 was as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	140,610	-
Justice Fund	120,897	-
Airport Fund	266,486	-
Grants Fund	-	527,993
	<u>\$ 527,993</u>	<u>\$ 527,993</u>

NOTE 9 Excess of Actual Expenditures over Budget in Individual Funds

The following fund had an excess of actual expenditures over budget for the year ended September 30, 2019:

Fund	Excess
Road and Bridge	\$1,642,768

NOTE 10 Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the participant or beneficiary) solely the property of the participant. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans--a rescission of GASB Statement No. 2 and an amendment of GASB Statement No. 31*, rescinded prior standards and established new accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governmental employers. The County is in compliance with the IRC regulation. All assets and income of the County's 457 plan are held in a trust, custodial account or annuity contract as described in IRC Section 457(g) for the exclusive benefit of the plan participants and their beneficiaries. The County has no liability for losses under the plan. The assets and liabilities relating to this deferred compensation plan have been excluded from the County's financial statements.

NOTE 11 Defined Benefit Pension Plan

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended September 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2019. All amounts are as of June 30, 2019 unless otherwise noted.

Plan Description

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires

NOTE 11 Defined Benefit Pension Plan (Continued)

that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of September 30, 2019 it was 7.16% (8.81%). The employer contribution rate is set by the Retirement Board and was 11.94% (12.28%) of covered compensation. Bonner County's employer contributions required and paid were \$2,469,160, \$2,239,887, and \$2,142,067, for the years ended September 30, 2019, 2018 and 2017, respectively.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, the County reported a liability for its proportionate share of the net pension liability as of June 30, 2019. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2019, the County's proportion was 0.6224781 percent.

NOTE 11 Defined Benefit Pension Plan (Continued)

The County's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. The pension expense (revenue) for the year ending June 30, 2019 was calculated at \$2,411,209.

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	660,339	837,408
Changes in assumptions or other inputs	395,244	-
Net difference between projected and actual earning on pension plan investments	-	2,420,609
Change in proportionate share	272,198	-
Employer contributions subsequent to the measurement date	<u>592,132</u>	<u>-</u>
Total	<u>\$1,919,913</u>	<u>\$3,258,017</u>

\$592,132 reported as deferred outflow of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020.

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

<u>For the Year Ending June 30:</u>	<u>Amount to be Recognized</u>
2020	(255,858)
2021	(1,096,172)
2022	(533,962)
2023	(316,443)

NOTE 11 Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases*	3.75%
Salary inflation	3.75%
Investment rate of return	7.05% net of investment expenses
Cost-of-living adjustments	1.00%

*There is an additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on years of service.

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

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

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

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

NOTE 11 Defined Benefit Pension Plan (Continued)

Asset Class		Target Allocation	Long - Term Expected Nominal Rate of (Arithmetic)	Long - Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	Barclays Aggregate	30.00%	3.05%	0.80%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.30%	6.05%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.45%	6.20%
Assumed Inflation - Mean			2.25%	2.25%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.75%	4.50%
Portfolio Standard Deviation			12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.13%	3.77%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.19%
Portfolio Standard Deviation				14.16%
Valuation Assumptions Chosen by PERSI Board				
Long-Term Expected Real Rate of Return, Net of Investment Expenses				4.05%
Assumed Inflation				3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses				7.05%

Discount Rate

Discount rate – The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$21,461,089	\$7,105,414	\$(4,766,270)

NOTE 11 Defined Benefit Pension Plan (Continued)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At June 30, 2019, the County reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 12 Self-Funded Insurance Plans

Medical Insurance - Beginning October 2018, the County began partially self-insuring the cost of employee healthcare benefits. The County self-insures the first \$100,000 in claims per eligible participant. The County also purchases annual stop-loss insurance coverage for all claims in excess of \$100,000 per participant. An accrual for claims that have been incurred but not reported (IBNR claims liability), the claim liability is re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Changes in the County's claim liability amounts are as follows:

IBNR claims liability, beginning of year	-
Current year claims and changes in estimates	2,580,214
Claims payments	<u>(2,260,674)</u>
IBNR claims liability, end of year	<u>\$319,540</u>

Dental Insurance - Beginning October 2019, the County began partially self-insuring the cost of employee dental benefits. No claims were made in fiscal year 2019 as the self-funded claim will begin in fiscal year 2020. Therefore, there is no IBNR claims liability as of September 30, 2019.

NOTE 13 Contingent Liabilities and Commitments

Grants

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

Lawsuits

There are two types of lawsuits which the County is presently defending.

The first type involves insured claims against the County that are both defended and indemnified by the County's insurance carrier. Details involving this type of lawsuit can be obtained by contacting the County's risk manager. The County is presently self-insured for the first \$1,000,000 per claim. The County has purchased annual stop-loss insurance coverage for claims in excess of \$1,000,000 with an aggregate stop-loss of \$10,000,000.

The second type of lawsuit facing the County involves uninsured claims. Presently the County is not defending any significant uninsured lawsuits. The Silverwing at Sandpoint, LLC (Silverwing) v. Bonner County case related to the access rights of a private residential housing-hanger development next to the airport has ended with findings that the County has no liability.

Management of the County will vigorously defend against both insured and uninsured claims. Presently there are no other materially significant adverse claims pending against Bonner which would be covered through self-insurance.

NOTE 14 Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance.

The County accounts for the majority of transactions involving insurance claims, deductibles, and expenses in the tort fund, which is reported as part of the Special Revenue Funds. This fund has the power to levy an annual property tax to provide funds to pay insurance premiums.

The County employs a risk manager, in concert with the County attorney, whose duties include drafting and reviewing contracts, monitoring and defending claims, and evaluating the adequacy of insurance coverage. The risk manager informs and educates employees of responsibilities regarding prevention of loss exposure related to their duties.

Insurance is maintained through Travelers Companies Public Sector Services. Travelers is an insurance group serving private and public entities throughout the United States through

NOTE 14 Risk Management (Continued)

provisions of property, general liability, auto liability, physical damage, and public officials' insurance. The County pays an annual premium to Travelers for insurance coverage.

At September 30, 2019, the County had a variety of outstanding claims. The County risk manager and legal staff maintain the position that the County bears little or no loss liability, based upon the strength of the claims and prior experience. All claims during the three years ended September 30, 2019 were below the limits of the insurance coverage.

NOTE 15 Performance Bonds

The County is currently seeking redemption of over \$3.7 million of performance bonds pledged in relation to a golf course development within the County. The insurance company, which pledged the performance bonds, is in liquidation and the County has submitted the proof of claims for the performance bonds. The County estimates receiving a net recovery of 1%-5%.

NOTE 16 Turnbull Trust

Harp S. Turnbull has created a testamentary trust in favor of the Bonner County Road and Bridge Department. This trust is administered by the Idaho Community Foundation which has the sole authority to distribute interest amounts it deems appropriate annually for important County road projects. The County received \$101,646 during the year. The estate is not yet closed and more contributions from the trust are expected. The Board of County Commissioners is grateful for Mr. Turnbull's philanthropic kindness to the traveling public of Bonner County. The County Commissioners will utilize future revenues for important County road projects, consistent with the intent of Mr. Turnbull.

NOTE 17 Tax Abatement

Bonner County enters into property tax abatements with local businesses under Idaho Code §63-602NN. Under the Code, the County may grant property tax abatements of up to 100 percent of plant investments that meet all tax incentive criteria as defined in I.C. §63-602NN (2).

For the County's fiscal year ended September 30, 2019, the following agreements are as follows:

-) A 75% reduction in assessed value to a salad dressing manufacturer for investment in buildings or structural components of buildings which are included in the assessed value of the project for that particular tax year, effective for five years starting in tax year 2017. The total amount of exemption not to exceed \$4.65 million (75% of \$6.2 million total investment) of assessed value effect for five (5) years starting in tax year 2017. For tax year 2018, the total exemption value was \$3,147,685.

NOTE 17 Tax Abatement (Continued)

-) A 75% reduction in assessed value to an aircraft manufacturer for investment in buildings or structural components of buildings which are included in the assessed value of the project for that particular tax year, effective for five years starting in tax year 2016. The total amount of exemption not to exceed \$2,316,750 (75% of \$3,089,000 total investment). For tax year 2018, the total exemption value was \$1,893,465.

The two tax abatements described above do not reduce the property tax levied by the County, rather, the market value used to set the levy rate was fractionally lower than if the abatement agreement was not in place.

REQUIRED SUPPLEMENTARY INFORMATION



BONNER COUNTY, IDAHO
Sandpoint, Idaho

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variances	
				Favorable (Unfavorable)	
				Original to	Final to Actual
				Actual	
Revenues					
Taxes	5,298,950	5,298,950	5,312,010	13,060	13,060
Intergovernmental	963,197	963,197	1,349,470	386,273	386,273
Licenses and permits	506,958	506,958	601,813	94,855	94,855
Charges for services	638,100	638,100	941,041	302,941	302,941
Fines	500	500	-	(500)	(500)
Interest income	160,000	160,000	676,491	516,491	516,491
Miscellaneous	2,170	5,470	35,909	33,739	30,439
Total revenues	<u>7,569,875</u>	<u>7,573,175</u>	<u>8,916,734</u>	<u>1,346,859</u>	<u>1,343,559</u>
Expenditures					
General government	7,867,321	8,201,455	6,479,407	1,387,914	1,722,048
Public safety	255,128	293,364	264,359	(9,231)	29,005
Capital outlay	336,725	444,854	459,475	(122,750)	(14,621)
Debt service:					
Principal	18,826	18,826	110,633	(91,807)	(91,807)
Interest	-	-	61,385	(61,385)	(61,385)
Total expenditures	<u>8,478,000</u>	<u>8,958,499</u>	<u>7,375,259</u>	<u>1,102,741</u>	<u>1,583,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(908,125)</u>	<u>(1,385,324)</u>	<u>1,541,475</u>	<u>2,449,600</u>	<u>2,926,799</u>
Other financing sources (uses)					
Operating transfers out	-	-	(83,477)	(83,477)	(83,477)
Proceeds from capital lease	-	-	28,774	28,774	28,774
Proceeds from sale of capital asset	-	-	33,721	33,721	33,721
Total other financing sources	<u>-</u>	<u>-</u>	<u>(20,982)</u>	<u>(20,982)</u>	<u>(20,982)</u>
Net change in fund balance	<u>\$ (908,125)</u>	<u>\$ (1,385,324)</u>	<u>1,520,493</u>	<u>\$ 2,428,618</u>	<u>\$ 2,905,817</u>
Fund balance - beginning of year			<u>2,785,392</u>		
Fund balance - end of year			<u>\$ 4,305,885</u>		

BONNER COUNTY, IDAHO

Sandpoint, Idaho

JUSTICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	11,046,037	11,046,037	11,104,699	58,662	58,662
Intergovernmental	1,712,388	1,712,388	2,212,111	499,723	499,723
Licenses and permits	270,500	270,500	306,498	35,998	35,998
Charges for services	1,081,130	1,082,060	1,200,035	118,905	117,975
Miscellaneous	877,626	908,346	359,481	(518,145)	(548,865)
Total revenues	<u>14,987,681</u>	<u>15,019,331</u>	<u>15,182,824</u>	<u>195,143</u>	<u>163,493</u>
Expenditures					
Public safety	17,058,168	17,546,118	15,697,671	1,360,497	1,848,447
Capital outlay	253,450	263,250	353,368	(99,918)	(90,118)
Debt service:					
Principal	12,000	12,000	-	12,000	12,000
Total expenditures	<u>17,323,618</u>	<u>17,821,368</u>	<u>16,051,039</u>	<u>1,272,579</u>	<u>1,770,329</u>
Net change in fund balance	<u>\$ (2,335,937)</u>	<u>\$ (2,802,037)</u>	(868,215)	<u>\$ 1,467,722</u>	<u>\$ 1,933,822</u>
Fund balance - beginning of year			<u>5,571,196</u>		
Fund balance - end of year			<u>\$ 4,702,981</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	5,735,900	5,735,900	5,633,497	(102,403)	(102,403)
Intergovernmental	2,556,026	2,556,026	3,698,176	1,142,150	1,142,150
Miscellaneous	34,500	34,500	544,091	509,591	509,591
Total revenues	<u>8,326,426</u>	<u>8,326,426</u>	<u>9,875,764</u>	<u>1,549,338</u>	<u>1,549,338</u>
Expenditures					
Road and bridge	7,963,926	8,802,023	7,026,643	937,283	1,775,380
Capital outlay	302,500	430,887	2,926,434	(2,623,934)	(2,495,547)
Debt service:					
Principal	240,000	240,000	1,117,743	(877,743)	(877,743)
Interest	-	-	44,858	(44,858)	(44,858)
Total expenditures	<u>8,506,426</u>	<u>9,472,910</u>	<u>11,115,678</u>	<u>(2,609,252)</u>	<u>(1,642,768)</u>
Excess (deficiency) of revenues over (under) expenditures	(180,000)	(1,146,484)	(1,239,914)	(1,059,914)	(93,430)
Other financing sources (uses)					
Proceeds from capital leases	-	-	1,889,942	1,889,942	1,889,942
Proceeds from sale of capital asset	-	-	1,064,285	1,064,285	1,064,285
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,954,227</u>	<u>2,954,227</u>	<u>2,954,227</u>
Net change in fund balance	<u>\$ (180,000)</u>	<u>\$ (1,146,484)</u>	1,714,313	<u>\$ 1,894,313</u>	<u>\$ 2,860,797</u>
Fund balance - beginning of year			<u>2,272,818</u>		
Fund balance - end of year			<u>\$ 3,987,131</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

AMBULANCE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable) Original to	
				Actual	Final to Actual
Revenues					
Taxes	2,709,191	2,709,191	2,771,118	61,927	61,927
Charges for services	710,000	710,000	1,055,303	345,303	345,303
Interest income	960	960	46,324	45,364	45,364
Miscellaneous	21,000	78,500	23,090	2,090	(55,410)
Total revenues	<u>3,441,151</u>	<u>3,498,651</u>	<u>3,895,835</u>	<u>454,684</u>	<u>397,184</u>
Expenditures					
Emergency medical expenses	3,576,667	3,588,667	3,440,279	136,388	148,388
Capital outlay	80,724	80,724	140,667	(59,943)	(59,943)
Debt service:					
Principal	86,000	86,000	27,703	58,297	58,297
Interest	-	-	235	(235)	(235)
Total expenditures	<u>3,743,391</u>	<u>3,755,391</u>	<u>3,608,884</u>	<u>134,507</u>	<u>146,507</u>
Excess (deficiency) of revenues over/under expenditures	(302,240)	(256,740)	286,951	589,191	543,691
Other financing sources (uses)					
Proceeds from capital leases	-	-	5,280	5,280	5,280
Proceeds from sale of capital assets	-	-	6,325	6,325	6,325
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>11,605</u>	<u>11,605</u>	<u>11,605</u>
Net change in fund balance	<u>\$ (302,240)</u>	<u>\$ (256,740)</u>	298,556	<u>\$ 600,796</u>	<u>\$ 555,296</u>
Fund balance - beginning of year			<u>2,652,213</u>		
Fund balance - end of year			<u>\$ 2,950,769</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NET PENSION LIABILITY RELATED SCHEDULES

Schedule of the County's Share of Net Pension Liability*

PERSI - Base Plan						
As of June 30,						
	2019	2018	2017	2016	2015	2014
Employer's portion of the net pension liability	0.6224781%	0.6053360%	0.5979120%	0.5813633%	0.5581300%	0.5483179%
Employer's proportionate share of the net pension liability	7,105,414	8,928,812	9,398,150	11,785,127	7,349,664	4,036,478
Employer's covered employee payroll	20,944,598	19,294,118	18,394,362	16,841,635	15,484,685	14,713,655
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	33.92%	46.28%	51.09%	69.98%	47.46%	27.43%
Plan fiduciary net position as a percentage of the total	93.79%	91.69%	90.68%	87.26%	91.38%	94.95%

Schedule of the County's Contributions*

PERSI - Base Plan						
As of June 30,						
	2019	2018	2017	2016	2015	2014
Statutorily required contribution - Class 1 Employees	1,627,417	1,499,173	1,417,518	1,297,861	1,193,638	1,134,203
Statutorily required contribution - Class 2 Employees	765,843	705,493	684,689	626,892	576,025	547,343
Total Statutorily required contribution - All Employees	2,393,260	2,204,666	2,102,207	1,924,753	1,769,663	1,681,546
Contributions in relation to the statutorily required contribution	(2,393,260)	(2,204,666)	(2,102,207)	(1,924,753)	(1,769,663)	(1,681,546)
Contribution (deficiency) excess	-	-	-	-	-	-
Employer's covered employee payroll - Class 1	14,376,476	13,243,578	12,522,244	11,465,203	10,544,505	10,019,461
Employer's covered employee payroll - Class 2	6,568,122	6,050,540	5,872,118	5,376,432	4,940,180	4,694,194
Contributions as a percentage of covered employee payroll - Class 1	11.32%	11.32%	11.32%	11.32%	11.32%	11.32%
Contributions as a percentage of covered employee payroll - Class 2	11.66%	11.66%	11.66%	11.66%	11.66%	11.66%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those use for which information is available.

Data is reported is measured as of June 30, 2019.

NOTES TO THE NET PENSION LIABILITY SCHEDULES

As of June 30, 2019

Change of Assumptions. There were no change of assumptions as of June 30, 2019.

SUPPLEMENTARY INFORMATION



BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash and investments	6,688,456	241	6,688,697
Receivables, net of allowance for uncollectibles:			
Taxes	200,435	-	200,435
Unbilled taxes	5,096,622	-	5,096,622
Interest	60	-	60
Fees	989	-	989
Accounts	173,844	-	173,844
Prepaid expenses	136,146	-	136,146
Due from other governments	614,805	-	614,805
Due from other funds	266,486	-	266,486
Total assets	<u>13,177,843</u>	<u>241</u>	<u>13,178,084</u>
Deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,177,843</u>	<u>\$ 241</u>	<u>\$ 13,178,084</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	765,564	-	765,564
Accrued payroll	100,012	-	100,012
Retirement payable	11,051	-	11,051
Due to other funds	527,993	-	527,993
Total liabilities	<u>1,404,620</u>	<u>-</u>	<u>1,404,620</u>
Deferred inflows of resources			
Deferred revenue	174,807	-	174,807
Unavailable tax revenue	5,096,622	-	5,096,622
Total deferred inflows of resources	<u>5,271,429</u>	<u>-</u>	<u>5,271,429</u>
Fund balance			
Nonspendable	136,146	-	136,146
Restricted for:			
General governmental	3,183,239	-	3,183,239
Public safety	1,729,308	-	1,729,308
Historical society and recreation	437,075	-	437,075
Health and welfare	548,702	-	548,702
Weeds	39,279	-	39,279
Road construction	428,045	-	428,045
Capital projects	-	241	241
Total fund balance	<u>6,501,794</u>	<u>241</u>	<u>6,502,035</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 13,177,843</u>	<u>\$ 241</u>	<u>\$ 13,178,084</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2019

	<u>Airport</u>	<u>Elections</u>	<u>Drug Court</u>	<u>District Court</u>	<u>County Fair</u>	<u>911</u>	<u>Court Facilities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Cash and investments	668,313	279,580	32,103	772,175	36,486	815,894	109,820
Receivables, net of allowance for uncollectibles:							
Taxes	21,502	-	-	45,896	11,521	-	-
Unbilled taxes	369,316	-	-	1,073,313	373,145	-	-
Interest	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-
Accounts	6,767	-	-	10,537	-	49,590	-
Prepaid expenses	-	21,305	-	1,239	-	17,035	-
Due from other governments	-	-	-	62,966	-	10,442	-
Due from other funds	266,486	-	-	-	-	-	-
Total assets	<u>1,332,384</u>	<u>300,885</u>	<u>32,103</u>	<u>1,966,126</u>	<u>421,152</u>	<u>892,961</u>	<u>109,820</u>
Deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,332,384	\$ 300,885	\$ 32,103	\$ 1,966,126	\$ 421,152	\$ 892,961	\$ 109,820
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	9,280	41,901	861	52,570	-	67,187	-
Accrued payroll	3,524	3,460	-	27,059	5,107	20,132	-
Accrued retirement payable	391	384	-	3,001	566	2,232	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>13,195</u>	<u>45,745</u>	<u>861</u>	<u>82,630</u>	<u>5,673</u>	<u>89,551</u>	<u>-</u>
Deferred inflows of resources:							
Deferred revenue	18,754	-	-	39,964	10,026	-	-
Unavailable tax revenue	369,316	-	-	1,073,313	373,145	-	-
Total deferred inflows of resources	<u>388,070</u>	<u>-</u>	<u>-</u>	<u>1,113,277</u>	<u>383,171</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	-	21,305	-	1,239	-	17,035	-
Restricted for:							
General governmental	931,119	233,835	-	-	-	-	-
Public safety	-	-	31,242	768,980	-	786,375	109,820
Historical society and recreation	-	-	-	-	32,308	-	-
Health and welfare	-	-	-	-	-	-	-
Weeds	-	-	-	-	-	-	-
Road construction	-	-	-	-	-	-	-
Total fund balances	<u>931,119</u>	<u>255,140</u>	<u>31,242</u>	<u>770,219</u>	<u>32,308</u>	<u>803,410</u>	<u>109,820</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,332,384	\$ 300,885	\$ 32,103	\$ 1,966,126	\$ 421,152	\$ 892,961	\$ 109,820

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2019

	Court Interlock	Health District	Historical Society	Indigent and Charity	Junior College	Revaluation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and investments	33,071	45,313	4,288	494,025	629,339	890,353
Receivables, net of allowance for uncollectibles:						
Taxes	-	9,621	727	28	-	60,442
Unbilled taxes	-	254,408	18,862	-	-	1,042,260
Interest	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Accounts	-	-	-	30,279	-	-
Prepaid expenses	-	-	-	-	-	325
Due from other governments	-	-	-	-	66,398	36,658
Due from other funds	-	-	-	-	-	-
Total assets	33,071	309,342	23,877	524,332	695,737	2,030,038
Deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 33,071	\$ 309,342	\$ 23,877	\$ 524,332	\$ 695,737	\$ 2,030,038
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	180	-	-	20,466	83,213	3,028
Accrued payroll	-	-	-	1,517	-	25,968
Accrued retirement payable	-	-	-	168	-	2,878
Due to other funds	-	-	-	-	-	-
Total liabilities	180	-	-	22,151	83,213	31,874
Deferred inflows of resources						
Deferred revenue	-	8,391	634	22	-	52,705
Unavailable tax revenue	-	254,408	18,862	-	-	1,042,260
Total deferred inflows of resources	-	262,799	19,496	22	-	1,094,965
Fund balance:						
Nonspendable	-	-	-	-	-	325
Restricted for:						
General government	-	-	-	-	612,524	902,874
Public safety	32,891	-	-	-	-	-
Historical society and recreation	-	-	4,381	-	-	-
Health and welfare	-	46,543	-	502,159	-	-
Weeds	-	-	-	-	-	-
Road construction	-	-	-	-	-	-
Total fund balance	32,891	46,543	4,381	502,159	612,524	903,199
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 33,071	\$ 309,342	\$ 23,877	\$ 524,332	\$ 695,737	\$ 2,030,038

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2019

	<u>Tort</u>	<u>Weeds</u>	<u>Parks and Recreation</u>	<u>Special Highway</u>	<u>Snowmobile - Priest Lake</u>	<u>Snowmobile- Sandpoint</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and investments	468,754	76,334	76,774	413,255	53,048	91,627
Receivables, net of allowance for uncollectibles:						
Taxes	43,170	3,905	3,604	-	-	-
Unbilled taxes	1,741,234	96,033	128,051	-	-	-
Interest	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Accounts	-	-	525	-	-	-
Prepaid expenses	93,975	-	-	-	-	-
Due from other governments	-	-	-	37,500	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>2,347,133</u>	<u>176,272</u>	<u>208,954</u>	<u>450,755</u>	<u>53,048</u>	<u>91,627</u>
Deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,347,133	\$ 176,272	\$ 208,954	\$ 450,755	\$ 53,048	\$ 91,627
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	10,284	36,193	857	22,710	221	759
Accrued payroll	-	1,258	3,049	-	354	-
Accrued retirement payable	-	140	341	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>10,284</u>	<u>37,591</u>	<u>4,247</u>	<u>22,710</u>	<u>575</u>	<u>759</u>
Deferred inflows of resources:						
Deferred revenue	37,793	3,369	3,149	-	-	-
Unavailable tax revenue	1,741,234	96,033	128,051	-	-	-
Total deferred inflows of resources	<u>1,779,027</u>	<u>99,402</u>	<u>131,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:						
Nonspendable	93,975	-	-	-	-	-
Restricted for:						
General governmental	463,847	-	-	-	-	-
Public safety	-	-	-	-	-	-
Historical society and recreation	-	-	73,507	-	52,473	90,868
Health and welfare	-	-	-	-	-	-
Weeds	-	39,279	-	-	-	-
Road construction	-	-	-	428,045	-	-
Total fund balance	<u>557,822</u>	<u>39,279</u>	<u>73,507</u>	<u>428,045</u>	<u>52,473</u>	<u>90,868</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,347,133	\$ 176,272	\$ 208,954	\$ 450,755	\$ 53,048	\$ 91,627

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2019

	<u>Waterways</u>	<u>Grants</u>	<u>Drainage District</u>	<u>Translator District</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash and investments	174,181	504,385	18,549	789	6,688,456
Receivables, net of allowance for uncollectibles:					
Taxes	-	-	2	17	200,435
Unbilled taxes	-	-	-	-	5,096,622
Interest	-	60	-	-	60
Fees	-	-	126	863	989
Accounts	-	76,146	-	-	173,844
Prepaid expenses	-	2,267	-	-	136,146
Due from other governments	23,453	377,388	-	-	614,805
Due from other funds	-	-	-	-	266,486
Total assets	<u>197,634</u>	<u>960,246</u>	<u>18,677</u>	<u>1,669</u>	<u>13,177,843</u>
Deferred outflows of resources	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 197,634</u>	<u>\$ 960,246</u>	<u>\$ 18,677</u>	<u>\$ 1,669</u>	<u>\$ 13,177,843</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	12,532	402,647	675	-	765,564
Accrued payroll	2,912	5,672	-	-	100,012
Accrued retirement payable	321	629	-	-	11,051
Due to other funds	-	527,993	-	-	527,993
Total liabilities	<u>15,765</u>	<u>936,941</u>	<u>675</u>	<u>-</u>	<u>1,404,620</u>
Deferred inflows of resources:					
Deferred revenue	-	-	-	-	174,807
Unavailable tax revenue	-	-	-	-	5,096,622
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,271,429</u>
Fund balance:					
Nonspendable	-	2,267	-	-	136,146
Restricted for:					
General governmental	-	21,038	18,002	-	3,183,239
Public safety	-	-	-	-	1,729,308
Historical society and recreation	181,869	-	-	1,669	437,075
Health and welfare	-	-	-	-	548,702
Weeds	-	-	-	-	39,279
Road construction	-	-	-	-	428,045
Total fund balance	<u>181,869</u>	<u>23,305</u>	<u>18,002</u>	<u>1,669</u>	<u>6,501,794</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 197,634</u>	<u>\$ 960,246</u>	<u>\$ 18,677</u>	<u>\$ 1,669</u>	<u>\$ 13,177,843</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2019

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes	5,268,501	161	5,268,662
Licenses and permits	216,709	-	216,709
Intergovernmental	2,842,485	-	2,842,485
Charges for services	1,786,186	-	1,786,186
Fines	107,751	-	107,751
Interest income	12,936	-	12,936
Miscellaneous	459,267	-	459,267
Total revenues	<u>10,693,835</u>	<u>161</u>	<u>10,693,996</u>
Expenditures			
General governmental	3,138,279	-	3,138,279
Public safety	3,985,948	-	3,985,948
Road and bridge	6,254	-	6,254
Weeds	129,496	-	129,496
Health	253,370	-	253,370
Welfare	229,248	-	229,248
Junior college	180,201	-	180,201
Historical society and recreation	790,176	-	790,176
Capital outlay	1,582,614	-	1,582,614
Debt service:			
Principal	26,848	-	26,848
Interest	1,211	-	1,211
Total expenditures	<u>10,323,645</u>	<u>-</u>	<u>10,323,645</u>
Excess (deficiency) of revenues over (under) expenditures	370,190	161	370,351
Other financing sources (uses)			
Proceeds from capital leases	8,940	-	8,940
Transfers in	83,477	-	83,477
Total other financing sources (uses)	<u>92,417</u>	<u>-</u>	<u>92,417</u>
Net change in fund balance	462,607	161	462,768
Fund balances - beginning of year	<u>6,039,187</u>	<u>80</u>	<u>6,039,267</u>
Fund balances - end of year	<u>\$ 6,501,794</u>	<u>\$ 241</u>	<u>\$ 6,502,035</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2019

	Airport	Elections	Drug Court	District Court	County Fair	911	Court Facilities
Revenues							
Taxes	503,465	-	-	1,223,376	330,045	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,506	114,505	-	267,641	2,986	-	-
Charges for services	24,517	-	10,961	90,835	-	1,621,273	13,600
Fines	-	-	-	107,751	-	-	-
Interest income	-	-	-	-	-	12,936	-
Miscellaneous	93,654	-	19,408	112,223	-	-	-
Total revenues	626,142	114,505	30,369	1,801,826	333,031	1,634,209	13,600
Expenditures							
General governmental	268,556	305,222	-	-	-	-	-
Public safety	-	-	21,716	1,813,562	-	1,420,009	-
Road and bridge	-	-	-	-	-	-	-
Weeds	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Welfare	-	-	-	-	-	-	-
Junior college	-	-	-	-	-	-	-
Historical society and recreation	-	-	-	-	318,592	-	-
Capital outlay	21,425	31,921	-	51,206	-	159,140	-
Debt service:							
Principal	26,848	-	-	-	-	-	-
Interest	1,211	-	-	-	-	-	-
Total expenditures	318,040	337,143	21,716	1,864,768	318,592	1,579,149	-
Excess (deficiency) of revenues over (under) expenditures	308,102	(222,638)	8,653	(62,942)	14,439	55,060	13,600
Other financing sources (uses)							
Proceeds from capital leases	-	8,940	-	-	-	-	-
Transfers in	-	83,477	-	-	-	-	-
Total other financing sources (uses)	-	92,417	-	-	-	-	-
Net change in fund balance	308,102	(130,221)	8,653	(62,942)	14,439	55,060	13,600
Fund balances - beginning of year	623,017	385,361	22,589	833,161	17,869	748,350	96,220
Fund balances - end of year	\$ 931,119	\$ 255,140	\$ 31,242	\$ 770,219	\$ 32,308	\$ 803,410	\$ 109,820

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2019

	<u>Court Interlock</u>	<u>Health District</u>	<u>Historical Society</u>	<u>Indigent & Charity</u>	<u>Junior College</u>	<u>Revaluation</u>
Revenues						
Taxes	-	254,094	18,830	4,978	-	1,648,833
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,277	169	-	351,806	145,713
Charges for services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	3,357	-	-	96,897	-	-
Total revenues	<u>3,357</u>	<u>256,371</u>	<u>18,999</u>	<u>101,875</u>	<u>351,806</u>	<u>1,794,546</u>
Expenditures						
General governmental	-	-	-	-	-	1,510,593
Public safety	1,115	-	-	-	-	-
Road and bridge	-	-	-	-	-	-
Weeds	-	-	-	-	-	-
Health	-	253,370	-	-	-	-
Welfare	-	-	-	229,248	-	-
Junior college	-	-	-	-	180,201	-
Historical society and recreation	-	-	18,600	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>1,115</u>	<u>253,370</u>	<u>18,600</u>	<u>229,248</u>	<u>180,201</u>	<u>1,510,593</u>
Excess (deficiency) of revenues over (under) expenditures	2,242	3,001	399	(127,373)	171,605	283,953
Other financing sources (uses)						
Proceeds from capital leases	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,242	3,001	399	(127,373)	171,605	283,953
Fund balances - beginning of year	<u>30,649</u>	<u>43,542</u>	<u>3,982</u>	<u>629,532</u>	<u>440,919</u>	<u>619,246</u>
Fund balances - end of year	<u>\$ 32,891</u>	<u>\$ 46,543</u>	<u>\$ 4,381</u>	<u>\$ 502,159</u>	<u>\$ 612,524</u>	<u>\$ 903,199</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2019

	<u>Tort</u>	<u>Weeds</u>	<u>Parks and Recreation</u>	<u>Special Highway</u>	<u>Snowmobile - Priest Lake</u>	<u>Snowmobile- Sandpoint</u>
Revenues						
Taxes	1,053,968	118,854	75,633	-	-	-
Licenses and permits	-	-	-	-	35,944	21,948
Intergovernmental	9,472	1,059	661	250,000	-	3,000
Charges for services	-	-	25,000	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	-	1,188	-	101,646	-	-
Total revenues	<u>1,063,440</u>	<u>121,101</u>	<u>101,294</u>	<u>351,646</u>	<u>35,944</u>	<u>24,948</u>
Expenditures						
General governmental	1,052,559	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	-	-	-	6,254	-	-
Weeds	-	129,496	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Junior college	-	-	-	-	-	-
Historical society and recreation	-	-	138,524	-	36,783	26,709
Capital outlay	-	-	-	158,171	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>1,052,559</u>	<u>129,496</u>	<u>138,524</u>	<u>164,425</u>	<u>36,783</u>	<u>26,709</u>
Excess (deficiency) of revenues over (under) expenditures	10,881	(8,395)	(37,230)	187,221	(839)	(1,761)
Other financing sources (uses)						
Proceeds from capital leases	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	10,881	(8,395)	(37,230)	187,221	(839)	(1,761)
Fund balances - beginning of year	546,941	47,674	110,737	240,824	53,312	92,629
Fund balances - end of year	<u>\$ 557,822</u>	<u>\$ 39,279</u>	<u>\$ 73,507</u>	<u>\$ 428,045</u>	<u>\$ 52,473</u>	<u>\$ 90,868</u>

BONNER COUNTY, IDAHO

Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2019**

	<u>Waterways</u>	<u>Grants</u>	<u>Drainage District</u>	<u>Translator District</u>	<u>Total</u>
Revenues					
Taxes	-	-	3,714	32,711	5,268,501
Licenses and permits	158,817	-	-	-	216,709
Intergovernmental	-	1,688,690	-	-	2,842,485
Charges for services	-	-	-	-	1,786,186
Fines	-	-	-	-	107,751
Interest income	-	-	-	-	12,936
Miscellaneous	30,894	-	-	-	459,267
Total revenues	<u>189,711</u>	<u>1,688,690</u>	<u>3,714</u>	<u>32,711</u>	<u>10,693,835</u>
Expenditures					
General governmental	-	-	1,349	-	3,138,279
Public safety	-	729,546	-	-	3,985,948
Road and bridge	-	-	-	-	6,254
Weeds	-	-	-	-	129,496
Health	-	-	-	-	253,370
Welfare	-	-	-	-	229,248
Junior college	-	-	-	-	180,201
Historical society and recreation	218,275	-	-	32,693	790,176
Capital outlay	56,122	1,104,629	-	-	1,582,614
Debt service:					
Principal	-	-	-	-	26,848
Interest	-	-	-	-	1,211
Total expenditures	<u>274,397</u>	<u>1,834,175</u>	<u>1,349</u>	<u>32,693</u>	<u>10,323,645</u>
Excess (deficiency) of revenues over (under) expenditures	(84,686)	(145,485)	2,365	18	370,190
Other financing sources (uses)					
Proceeds from capital leases	-	-	-	-	8,940
Transfer in	-	-	-	-	83,477
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,417</u>
Net change in fund balance	(84,686)	(145,485)	2,365	18	462,607
Fund balances - beginning of year	<u>266,555</u>	<u>168,790</u>	<u>15,637</u>	<u>1,651</u>	<u>6,039,187</u>
Fund balances - end of year	<u>\$ 181,869</u>	<u>\$ 23,305</u>	<u>\$ 18,002</u>	<u>\$ 1,669</u>	<u>\$ 6,501,794</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended September 30, 2019

	<u>Budgeted Revenue</u>	<u>Actual Revenue</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Operating Transfers</u>	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>
Airport	613,945	626,142	687,445	318,040		623,017	931,119
Elections	194,537	123,445	394,537	337,143	83,477	385,361	255,140
Drug Court	22,000	30,369	22,000	21,716	-	22,589	31,242
District Court	1,665,909	1,801,826	2,131,602	1,864,768	-	833,161	770,219
County Fair	488,259	333,031	490,259	318,592	-	17,869	32,308
911	2,091,388	1,634,209	2,093,488	1,579,149	-	748,350	803,410
Court Facilities Trust	13,000	13,600	13,000	-	-	96,220	109,820
Court Interlock Device	5,400	3,357	5,400	1,115	-	30,649	32,891
Health District	255,072	256,371	253,372	253,370	-	43,542	46,543
Historical Society	18,600	18,999	18,600	18,600	-	3,982	4,381
Indigent & Charity	84,498	101,875	375,535	229,248	-	629,532	502,159
Junior College	290,000	351,806	290,000	180,201	-	440,919	612,524
Revaluation	1,741,065	1,794,546	1,809,864	1,510,593	-	619,246	903,199
Tort	1,053,746	1,063,440	1,113,746	1,052,559	-	546,941	557,822
Weeds	120,431	121,101	141,031	129,496	-	47,674	39,279
Parks and Recreation	88,415	101,294	139,413	138,524	-	110,737	73,507
Special Highway	340,000	351,646	340,000	164,425	-	240,824	428,045
Snowmobile - Priest Lake	36,306	35,944	38,330	36,783	-	53,312	52,473
Snowmobile - Sandpoint	20,887	24,948	35,168	26,709	-	92,629	90,868
Waterways	165,000	189,711	300,817	274,397	-	266,555	181,869
Grants	6,000,000	1,688,690	6,000,000	1,834,175	-	168,790	23,305
Drainage District	-	3,714	-	1,349	-	15,637	18,002
Translator District	-	32,711	-	32,693	-	1,651	1,669
Total	<u>\$ 14,694,513</u>	<u>\$ 10,702,775</u>	<u>\$ 16,006,162</u>	<u>\$ 10,323,645</u>	<u>\$ 83,477</u>	<u>\$ 6,039,187</u>	<u>\$ 6,501,794</u>

SINGLE AUDIT SECTION



BONNER COUNTY, IDAHO

Sandpoint, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019**

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number/Grant ID Number</u>	<u>Expenditures</u>
Department of Agriculture			
Passed through State Department of Education:			
Child Nutrition Cluster-Cluster:			
School Breakfast Program	10.553	201818N109947	345
School Breakfast Program	10.553	201919N109947	5,348
Total School Breakfast Program			<u>5,693</u>
National School Lunch Program	10.555	201818N109947	557
National School Lunch Program	10.555	201919N109947	8,534
Total National School Lunch Program			<u>9,091</u>
Total Child Nutrition Cluster			<u>14,784</u>
Passed through State Department of Lands:			
Cooperative Forestry Assistance	10.664	15-DG-11010000-010	<u>10,299</u>
Direct through Department of Agriculture:			
Forest Service Schools and Roads Cluster:			
Schools and Road - Grants to States	10.665	Not Available	390,799
School and Roads - Grants to Counties	10.666	Not Available	11,574
Total Forest Service Schools and Roads Cluster			<u>402,373</u>
Total Department of Agriculture			<u>\$ 427,456</u>
Department of Justice			
Passed through State Department of Justice:			
Crime Victim Assistance	16.575	2016-VA-GX0060	<u>65,330</u>
Direct through Department of Justice:			
Juvenile Justice and Delinquency Prevention Act	16.540	Not Available	46,764
Bullet Proof Vest Grant	16.607	Not Available	6,308
Total Department of Justice			<u>\$ 118,402</u>
Department of Transportation			
Direct through Department of Transportation:			
Airport Improvement Program:			
Sandpoint Environmental Assessment	20.106	3-16-0033-015-2015	7,509
Priest River Land Acquisition and OR	20.106	3-16-0058-007-2018	205,318
Sandpoint Land Acquisition	20.106	3-16-0033-015-2019	179,125
Total Airport Improvement Program			<u>391,952</u>
Total Department of Transportation			<u>\$ 391,952</u>
Department of the Treasury			
Direct through Department of Treasury:			
Equitable Sharing Program	21.016	Not Available	14,678
Total Department of the Treasury			<u>\$ 14,678</u>

BONNER COUNTY, IDAHO

Sandpoint, Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended September 30, 2019

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number/Grant ID Number</u>	<u>Expenditures</u>
Department of Health and Human Services			
Passed through State Department of Health and Welfare:			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	G1802IDFVPS	<u>57,000</u>
Total Department of Health and Human Services			<u>\$ 57,000</u>
Department of Homeland Security			
Passed through State Military Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4313-DR-ID	<u>368,886</u>
Emergency Management Performance Grants	97.042	EMS2017EP00003	<u>16,132</u>
Homeland Security Grant Program:			
2017 Homeland Security Grant Program	97.067	EMW2017SS00054	<u>36,498</u>
2018 Homeland Security Grant Program	97.067	EMW2018SS00040	<u>104,111</u>
Total Homeland Security Grant Program			<u>140,609</u>
Passed through State Department of Parks and Recreation:			
Federal Boater Safety	97.012	14.01.16	<u>89,131</u>
Total Department of Homeland Security			<u>\$ 614,758</u>
Total Expenditures of Federal Awards			<u>\$ 1,624,246</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019

NOTE 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Bonner County, Idaho, under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bonner County, Idaho, it is not intended to and does not present the financial position, changes in net position, or cash flows of Bonner County, Idaho.

NOTE 2 Summary of Significant Accounting Policies

1. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.
3. Bonner County, Idaho, has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

To the Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho 83864

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise Bonner County, Idaho's basic financial statements, and have issued our report thereon dated April 24, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bonner County, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bonner County, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bonner County, Idaho's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of this Report

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

Hayden Ross, PLLC

Moscow, Idaho
April 24, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho 83864

Report on Compliance for Each Major Federal Program

We have audited Bonner County, Idaho's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bonner County, Idaho's, major federal programs for the year ended September 30, 2019. Bonner County, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bonner County, Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bonner County, Idaho, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Bonner County, Idaho's compliance.

Opinion on Each Major Federal Program

In our opinion, Bonner County, Idaho, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of Bonner County, Idaho is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bonner County, Idaho's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bonner County, Idaho's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Hayden Ross, PLLC

Moscow, Idaho
April 24, 2020

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- material weakness(es) identified? yes x no

- significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? yes x no

- significant deficiency(ies) identified? yes x none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR section 200.516(a) yes x no

Identification of major programs:
Reporting Requirements and Communication Considerations

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.665, 10.666 97.036	Forest Service Schools and Roads Cluster Disaster Grants - Public Assistance (Presidentially Declared Disasters)
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<u> </u> yes <u> x </u> no

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2019

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.