



BONNER COUNTY, IDAHO

Sandpoint, Idaho



Audited Financial Statements
For the Year Ended
September 30, 2022

BONNER COUNTY, IDAHO
Sandpoint, Idaho

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise Bonner County, Idaho's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bonner County, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter

The County has adopted GASB Statement No. 87, Leases, as further described in Notes 5 and 6.

The County has recorded prior period adjustments for a correction of a receivable, capital lease payable, and capital assets as further described in Note 16.

Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, the budgetary comparison schedules on pages 50 through 54, and the net pension (asset) liability related schedules on page 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023 on our consideration of Bonner County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bonner County, Idaho's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering Bonner County's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
June 12, 2023

Bonner County, Idaho

Sandpoint, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2022

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, 2022. We encourage readers to consider the information presented herein in conjunction with additional information that has been furnished in the accompanying *Notes to 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 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 Financial Statements: For an overview of Bonner County and its operations, one should refer to the *Notes to 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 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 shown separately since it is a stand-alone taxing district, even though governed by the Board of County Commissioners.

Table 1 – summarizes the County's net position for 2022 compared to 2021:

Condensed Statements of Net Position							
	Governmental Activities		Business-type Activities		Total County		% Change
	2022	2021	2022	2021	2022	2021	2021 to 2022
Current & other assets	\$ 72,350,498	\$ 65,458,036	\$ 11,064,275	\$ 10,227,585	\$ 83,414,773	\$ 75,685,621	10.2%
Capital assets	\$ 48,971,136	\$ 45,754,695	\$ 3,367,528	\$ 2,597,721	\$ 52,338,664	\$ 48,352,416	8.2%
Deferred outflows of resources	\$ 13,246,869	\$ 7,392,790	\$ 592,317	\$ 325,721	\$ 13,839,186	\$ 7,718,511	79.3%
Total assets and deferred outflows of resources	\$134,568,503	\$118,605,521	\$15,024,120	\$13,151,027	\$149,592,623	\$131,756,548	13.5%
Current and other liabilities	\$ 5,435,964	\$ 5,362,284	\$ 620,670	\$ 681,605	\$ 6,056,634	\$ 6,043,889	0.2%
Noncurrent liabilities	\$ 30,135,342	\$ 5,441,759	\$ 1,649,746	\$ 97,664	\$ 31,785,088	\$ 5,539,423	473.8%
Deferred inflows of resources	\$ 43,575,068	\$ 54,534,879	\$ 5,059,436	\$ 5,626,631	\$ 48,634,504	\$ 60,161,510	-19.2%
Total liabilities and deferred inflows of resources	79,146,374	65,338,922	7,329,852	6,405,900	86,476,226	71,744,822	20.5%
Net position							
Net investment in capital assets	\$ 44,595,355	\$ 41,647,801	\$ 2,874,648	\$ 2,597,721	\$ 47,470,003	\$ 44,245,522	7.3%
Restricted for:							
Gen. Gov.	\$ 4,611,679	\$ 4,736,187	\$ -	\$ -	\$ 4,611,679	\$ 4,736,187	-2.6%
Public Safety	\$ 9,509,962	\$ 7,776,186	\$ -	\$ -	\$ 9,509,962	\$ 7,776,186	22.3%
Road & Bridge	\$ 3,288,152	\$ 2,380,656	\$ -	\$ -	\$ 3,288,152	\$ 2,380,656	38.1%
Emergency Med. Svc.	\$ 1,006,585	\$ 1,747,048	\$ -	\$ -	\$ 1,006,585	\$ 1,747,048	-42.4%
Debt. Service	\$ -	\$ -	\$ 664	\$ 664	\$ 664	\$ 664	0.0%
Historical Soc. & Rec.	\$ 425,131	\$ 353,076	\$ -	\$ -	\$ 425,131	\$ 353,076	20.4%
Health & welfare	\$ 446,751	\$ 488,197	\$ -	\$ -	\$ 446,751	\$ 488,197	-8.5%
Weeds	\$ 16,517	\$ 2,360	\$ -	\$ -	\$ 16,517	\$ 2,360	599.9%
Self funded health ins.	\$ 22,933	\$ 42,837	\$ -	\$ -	\$ 22,933	\$ 42,837	-46.5%
Road Construction	\$ 476,343	\$ 461,579	\$ -	\$ -	\$ 476,343	\$ 461,579	3.2%
Capital Projects	\$ 241	\$ 241	\$ -	\$ -	\$ 241	\$ 241	0.0%
Unrestricted	\$ (8,977,520)	\$ (6,369,569)	\$ 4,818,956	\$ 4,146,742	\$ (4,158,564)	\$ (2,222,827)	-87.1%
Total net position	\$55,422,129	\$53,266,599	\$7,694,268	\$6,745,127	\$63,116,397	\$60,011,726	5.2%

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 \$63,116,397 (\$55,422,129 in

governmental activities and \$7,694,268 in business-type activities) as of September 30, 2022. A portion of the county's net position (75.2%) represents the net investment in capital assets. The County uses these capital assets 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 (31.4%) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$4,158,564) may be used to meet the County's ongoing obligations to citizens and creditors. The unrestricted balance is negative as of September 30, 2022, due to the county's net pension liability of \$25,422,268. 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 can 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 2022 and 2021:

Changes in Net Position							
	Governmental Activities		Business-type Activities		Total County		Total % change
	2022	2021	2022	2021	2022	2021	2022/21
Revenues							
Program revenues:							
Charges for services	\$ 5,992,498	\$ 6,517,032	\$ 4,417,414	\$ 4,268,349	\$ 10,409,912	\$ 10,785,381	-3.5%
Operating grants & contributions	\$ 6,378,647	\$ 2,314,020	-	-	\$ 6,378,647	\$ 2,314,020	175.7%
Capital grants & contributions	\$ 1,186,783	\$ 1,836,743	-	-	\$ 1,186,783	\$ 1,836,743	-35.4%
General revenues:							
Property taxes:	\$ 33,646,529	\$ 30,109,655	-	-	\$ 33,646,529	\$ 30,109,655	11.7%
Other taxes			\$ 5,051,095	\$ 4,942,547	\$ 5,051,095	\$ 4,942,547	2.2%
Inter-governmental	\$ 11,488,163	\$ 9,426,556	-	-	\$ 11,488,163	\$ 9,426,556	21.9%
Contributions to Self-Funded Health Ins	\$ 4,570,635	\$ 4,103,875	-	-	\$ 4,570,635	\$ 4,103,875	11.4%
Other Revenues	\$ 4,016,300	\$ 2,446,512	(21,953)	5,174	\$ 3,994,347	\$ 2,451,686	62.9%
Total Revenues	\$ 67,279,555	\$ 56,754,393	\$ 9,446,556	\$ 9,216,070	\$ 76,726,111	\$ 65,970,463	16.3%
Expenses							
General government	\$ 21,520,064	\$ 16,803,163	\$ -	\$ -	\$ 21,520,064	\$ 16,803,163	28.1%
Public safety	\$ 25,565,896	\$ 22,620,818	\$ -	\$ -	\$ 25,565,896	\$ 22,620,818	13.0%
Emergency Med. Svc.	\$ 5,128,954	\$ 4,110,841	\$ -	\$ -	\$ 5,128,954	\$ 4,110,841	24.8%
Road & Bridge	\$ 11,638,868	\$ 9,583,834	\$ -	\$ -	\$ 11,638,868	\$ 9,583,834	21.4%
Weeds	\$ 151,866	\$ 134,635	\$ -	\$ -	\$ 151,866	\$ 134,635	12.8%
Health	\$ 334,537	\$ 256,981	\$ -	\$ -	\$ 334,537	\$ 256,981	30.2%
Welfare	\$ 76,492	\$ 110,746	\$ -	\$ -	\$ 76,492	\$ 110,746	-30.9%
Junior college	\$ 145,213	\$ 133,402	\$ -	\$ -	\$ 145,213	\$ 133,402	8.9%
Historical society & recreation	\$ 1,037,793	\$ 862,285	\$ -	\$ -	\$ 1,037,793	\$ 862,285	20.4%
Capital outlay	\$ 312,582	\$ 174,474	\$ -	\$ -	\$ 312,582	\$ 174,474	79.2%
Amortization	\$ 118,103	\$ -	\$ -	\$ -	\$ 118,103	\$ -	0.0%
Interest on Long-term debt	\$ 155,543	\$ 150,859	\$ -	\$ -	\$ 155,543	\$ 150,859	3.1%
Solid waste			\$ 8,497,415	\$ 7,836,850	\$ 8,497,415	\$ 7,836,850	8.4%
Total expenses	\$ 66,185,911	\$ 54,942,038	\$ 8,497,415	\$ 7,836,850	\$ 74,683,326	\$ 62,778,888	19.0%
Change in net position	\$ 1,093,644	\$ 1,812,355	\$ 949,141	\$ 1,379,220	\$ 2,042,785	\$ 3,191,575	-36.0%

Governmental Activities

Charges for services were one of the County's largest program revenue, accounting for \$5,992,498 or 8.9% 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 operating grant & contributions revenues from federal, state, and local sources made up \$6,378,647 or 9.48% of total governmental revenues.

Property tax revenues account for \$33,646,529 of the \$67,279,555 total revenues for governmental activities or 50.01% of total revenues.

The largest program was Public Safety, accounting for \$25,565,896 and representing 38.63% of total governmental expenses. Road and Bridge accounted for \$11,638,868 of the \$66,185,911 total expenses for governmental activities, or 17.6% of total expenses.

Table 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 \$5,992,498, \$1,779,401 was received and used to fund the general government expenses of \$21,520,064 of the County. The remaining \$44,665,847 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 2022 and 2021:

Condensed Statement of Activities						
	Total Cost of Services		% Change	Net Cost of Services		% Change
	2022	2021	2021-2022	2022	2021	2021-2022
General government	\$ 21,520,064	\$ 16,803,163	28.1%	\$ 15,879,798	\$ 13,556,654	17.1%
Public safety	\$ 25,565,896	\$ 22,620,818	13.0%	\$ 20,835,560	\$ 18,235,341	14.3%
Emergency Med. Svc.	\$ 5,128,954	\$ 4,110,841	24.8%	\$ 2,883,572	\$ 2,685,202	7.4%
Road & Bridge	\$ 11,638,868	\$ 9,583,834	21.4%	\$ 10,774,017	\$ 8,005,889	34.6%
Weeds	\$ 151,866	\$ 134,635	12.8%	\$ 151,866	\$ 134,635	12.8%
Health	\$ 334,537	\$ 256,981	30.2%	\$ 334,537	\$ 256,981	30.2%
Welfare	\$ 76,492	\$ 110,746	-30.9%	\$ 76,492	\$ 110,746	-30.9%
Junior college	\$ 145,213	\$ 133,402	8.9%	\$ 145,213	\$ 133,402	8.9%
Historical Society & Rec.	\$ 1,037,793	\$ 862,285	20.4%	\$ 960,700	\$ 830,060	15.7%
Capital outlay	\$ 312,582	\$ 174,474	79.2%	\$ 312,582	\$ 174,474	79.2%
Amortization	\$ 118,103	\$ -	0.0%	\$ 118,103	\$ -	0.0%
Interest on long-term debt	\$ 155,543	\$ 150,859	3.1%	\$ 155,543	\$ 150,859	3.1%
Total Cost	\$ 66,185,911	\$ 54,942,038	20.5%	\$ 52,627,983	\$ 44,274,243	18.9%

Business-Type Activities

The net position for business-type activities increased by \$949,141 during the year and charges for services revenue was \$4,417,414.

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

Proprietary Fund: During fiscal year 2022, actual revenues exceeded expenses by \$949,141 for the Solid Waste fund.

Notes to 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 increased by \$3,986,248 across all funds, including Solid Waste. This amount represents the 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 5 and 6 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 right-of-use lease asset and liability related to the Administration building.

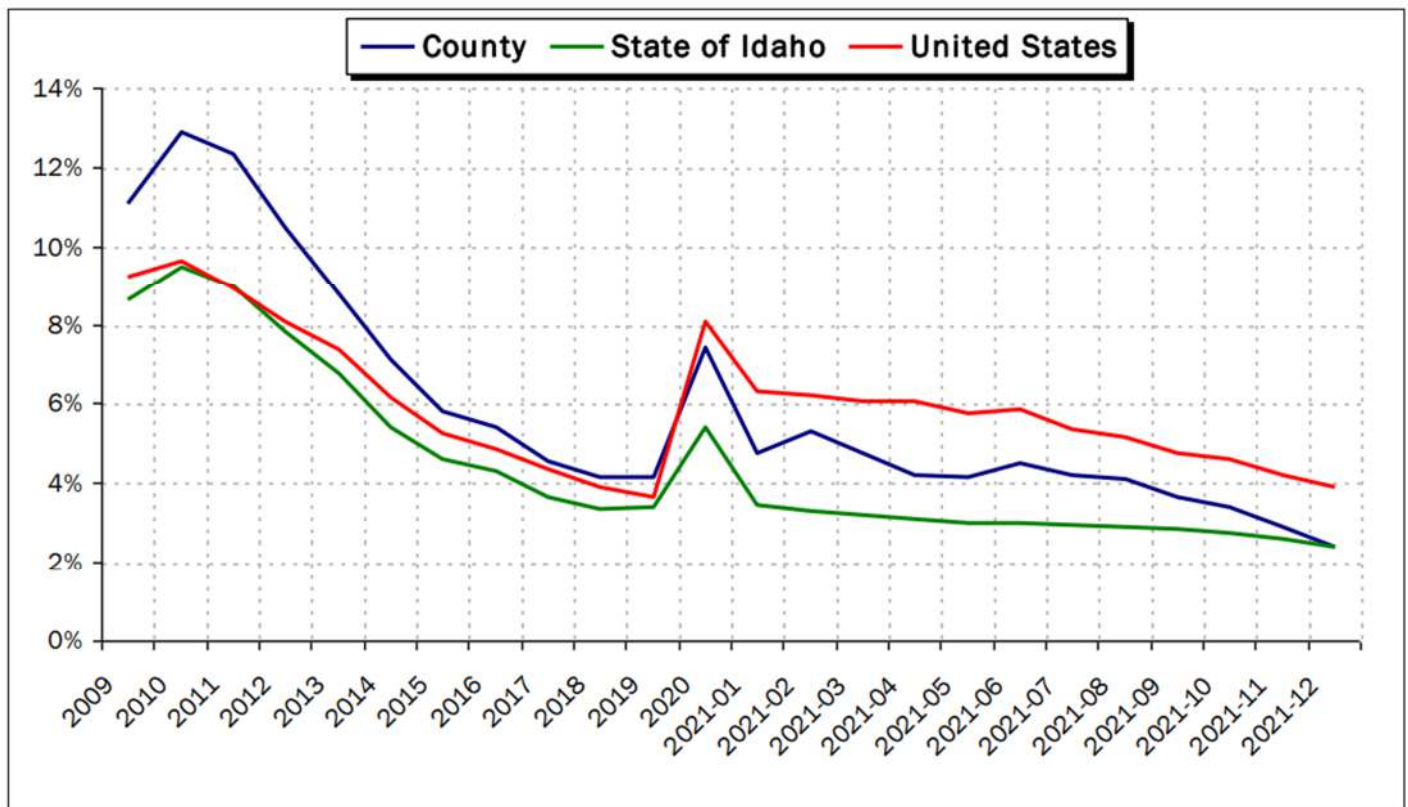
Budget Variations

Developing a budget is not an exact science. It is the best estimate available at the time of projection of the revenues the County anticipates receiving and the expenditures the County estimates will be incurred during the next fiscal year. For the fiscal year ended September 30, 2022, EMS expenditures exceeded appropriations by \$736,924.

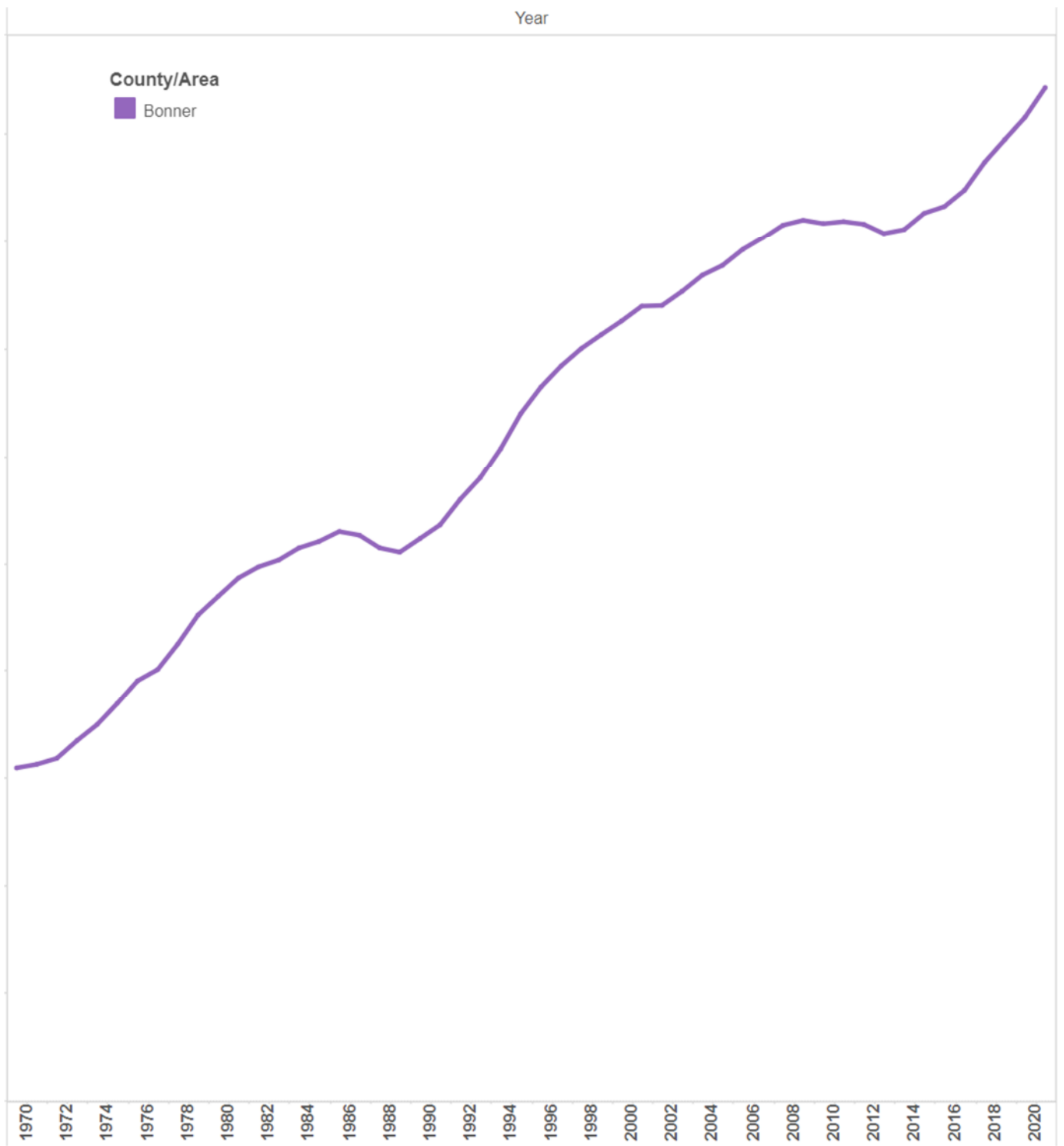
Bonner County Economic Overview

Civilian Labor Force (Dec 2021) 21,264
Unemployment rate (Dec 2021) 2.4%
Population (2020) 46,817
Median Household Income (2019) \$50,256
Per Capita Personal Income (2020) \$44,751
Poverty Rate (2019) 14.6%

Seasonally-Adjusted Unemployment Rate, 2009-Current



Source: Idaho Department of Labor



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):

For Plan Year October 2021 – September 2022, Bonner County's final loss ratio was 117.6% on the medical plan resulting in a \$758K deficit for the year. Nearly all the deficits were seen during the last 5 months of the plan year. This was primarily due to the number of high-cost claimants. In 2019 Bonner County had 11 high-cost claimants totaling 1 million in claims (30% of the total spend); 2020 had 15 totaling 1.5 million (45% of the total spend) and 2021 had 18 totaling 2.2 million (45% of total spend). Total medical plan costs per employee were up 25% from the prior year because of this and increased utilization in general. The PPO copay plan ended with a loss ratio of 113.2% while the HSA plan resulted in a 126.8% loss ratio. Bonner County's final loss ratio was 86.3% on the Delta Dental self-funded plan. Compared to the previous year the total dental plan costs per employee decreased 7%. Our goal with Payne West this year is to seek out alternative funding arrangement options, review cost containment options through an unbundled approach, price plan changes to potentially decrease the out-of-pocket maximums for members, as well as look at other EAP and Wellness providers to maximize health and wellness for all members.

Risk Management & Liability Insurance:

Bonner County's Self-Insured Retention (SIR) program entered its fifth year with continued success. While other public entities across the US faced rising liability and property insurance costs, Bonner County was able to secure insurance with greater coverage for less cost than the previous year. GL and PEMP exposure increase due to increases in Bonner County's 2023-2024 budget. Property values increased greatly due to real estate market increases and building replacement cost increases, but Bonner County's insurance broker, Redman Insurance was able to keep property coverage cost increases down to a \$24,000 reduction in cost by moving to Liberty Mutual. Cyber Insurance is getting more difficult to procure due to the market realizing loss potential. Bonner County's previous Cyber insurance company At Bay left the market, and we are now insured with Coalition (insurance). Bonner County's workers compensation insurance experience modifier rate (MOD) raised from 0.96 to 1.13 due to the addition of the higher loss year of 2021 and losing the lower loss year of 2018. State Insurance Fund (SIF) launched SIFCare, which aids in reporting and treatment of new claims, as well as a new Bonner County program with site visits and consultation between all managers and SIF in an injury reduction push.

Road & Bridge:

Bonner County Road and Bridge completed several projects in fiscal 2022. These projects consisted of the realignment of a very dangerous corner on Clagstone Road along with 2.8 miles of new asphalt, 2.2 Miles of new asphalt on Camp Bay Road, 1.3 miles of new asphalt on Sunnyside Road, 100 foot aprons of asphalt on all the railroad crossings in the Bonner County maintenance layer with the exception of one on Forest Siding Road that is to be done in 2023 as part of a safety grant. We also completed 46 miles of chip seal, .8 miles new road construction on Blue Diamond/Rocky point, 300 miles of Mag on our gravel roads. Two big guardrail projects, one on Lower Gold Creek Road the other on Pack river Road. Our department has plans to apply asphalt to all 3.5 miles of East Dufort Road in 2023 along with another 45+ miles of chip seal, 300 miles of mag and several other construction projects in all 3 districts Including two bridges that we should see moving forward.

Planning:

Bonner County Planning had another busy year in 2022, although an overall decrease in applicants was noted. A total of 1419 building location permit applications were received in 2022 in comparison to 1699 in 2021 and 1341 in 2020. A total of 285 land use files were received in 2022, in comparison to 470 in 2021 and 276 in 2020. The Board of County Commissioners (BOCC) appointed a hearing examiner in 2022 to improve the processing time of several land use file types. The new Planning Commission has made

significant progress on updating the Comprehensive Plan Components. Over half of the components have been drafted with many being sent to the BOCC for review and approval. It's likely that the Comprehensive Plan Components will be updated in 2023 by the Planning Commission and BOCC.

EMS:

During the year 2022 Bonner County EMS handled 4,624 calls for service, which resulted in around 1.2 million in billing revenue. BCEMS Station 1 (Sandpoint) continues to account for the highest call volume each year, finishing 2022 at handling 38% of all calls. BCEMS chute times (911 dispatch to enroute) remained at 1 minute and 34 seconds which is well below the set 2-minute benchmark. BCEMS crews did an outstanding job during 2022, hitting all the Time Sensitive Emergencies (TSE) critical time benchmarks for Trauma, Stroke and STEMI emergencies. 2022 saw a complete overhaul of medical supply tracking with the implementation of the Operative IQ inventory control program. This is poised to save thousands over the coming years by reducing back stock and waste from expiring medical supplies.

Solid Waste:

In August 2022 we received two bids for Solid Waste Improvements at various site locations. Unfortunately, both bids exceeded the budgeted amount. The Engineering department and Solid Waste worked to re-design our improvements plan and have prioritized 5 different projects to be bid on as a whole. We feel that this may give us some flexibility and succeed in some if not all our project goals. Bid openings will be held on March 24th. Solid waste tonnage has slowed down a bit and only increased by 1.5% from 2021.

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, 2022

	PRIMARY GOVERNMENT		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and investments	30,005,480	5,435,270	35,440,750
Receivables, net of allowance for uncollectibles:			
Taxes	1,217,124	-	1,217,124
Special assessments	-	184,970	184,970
Unbilled taxes	35,927,173	-	35,927,173
Unbilled special assessments	-	5,054,580	5,054,580
Interest	60	-	60
Fees	829	-	829
Accounts, net	442,037	382,696	824,733
Prepaid items	1,054,489	5,963	1,060,452
Due from other governments	3,615,023	132	3,615,155
Restricted assets:			
Deposit	88,283	-	88,283
Cash on deposit with fiscal agent	-	664	664
Total current assets	<u>72,350,498</u>	<u>11,064,275</u>	<u>83,414,773</u>
Noncurrent assets:			
Land	4,693,648	518,416	5,212,064
Construction in progress	2,965,576	549,207	3,514,783
Depreciable capital assets, net of accumulated depreciation	39,837,792	2,299,905	42,137,697
Right-of-use facility	1,508,775	-	1,508,775
Right-of-use equipment	83,448	-	83,448
Less: accumulated amortization	<u>(118,103)</u>	<u>-</u>	<u>(118,103)</u>
Total noncurrent assets	<u>48,971,136</u>	<u>3,367,528</u>	<u>52,338,664</u>
Total assets	<u>121,321,634</u>	<u>14,431,803</u>	<u>135,753,437</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	<u>13,246,869</u>	<u>592,317</u>	<u>13,839,186</u>
LIABILITIES			
Current liabilities:			
Warrants payable	28,032	-	28,032
Accounts payable	2,942,945	542,722	3,485,667
Accrued payroll	973,752	44,505	1,018,257
Accrued retirement payable	109,418	5,030	114,448
Accrued interest	39,715	4,551	44,266
IBNR claims liability	765,496	-	765,496
Right-of-use liability, due within one year	100,431	-	100,431
Long-term financing, due within one year	<u>476,175</u>	<u>23,862</u>	<u>500,037</u>
Total current liabilities	<u>5,435,964</u>	<u>620,670</u>	<u>6,056,634</u>
Noncurrent liabilities:			
Accrued compensated absences	2,001,972	92,655	2,094,627
Right-of-use liability, due after one year	1,328,225	-	1,328,225
Long-term financing, due after one year	2,470,950	75,693	2,546,643
Interim financing	-	393,325	393,325
Net pension liability	<u>24,334,195</u>	<u>1,088,073</u>	<u>25,422,268</u>
Total noncurrent liabilities	<u>30,135,342</u>	<u>1,649,746</u>	<u>31,785,088</u>
Total liabilities	<u>35,571,306</u>	<u>2,270,416</u>	<u>37,841,722</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable tax revenue	35,927,173	-	35,927,173
Unavailable special assessment revenue	-	5,054,580	5,054,580
Deferred grant revenue	7,539,283	-	7,539,283
Pension related items	<u>108,612</u>	<u>4,856</u>	<u>113,468</u>
Total deferred inflows of resources	<u>43,575,068</u>	<u>5,059,436</u>	<u>48,634,504</u>
NET POSITION			
Net investment in capital assets	44,595,355	2,874,648	47,470,003
Restricted for:			
General government	4,611,679	-	4,611,679
Public safety	9,509,962	-	9,509,962
Road and bridge	3,288,152	-	3,288,152
Emergency medical services	1,006,585	-	1,006,585
Debt service	-	664	664
Historical society and recreation	425,131	-	425,131
Health and welfare	446,751	-	446,751
Weeds	16,517	-	16,517
Self funded insurance	22,933	-	22,933
Road construction	476,343	-	476,343
Capital projects	241	-	241
Unrestricted	<u>(8,977,520)</u>	<u>4,818,956</u>	<u>(4,158,564)</u>
Total net position	<u>\$ 55,422,129</u>	<u>\$ 7,694,268</u>	<u>\$ 63,116,397</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Expenses						
FUNCTIONS/PROGRAMS						
Governmental activities:						
General government	21,520,064	1,779,401	2,708,550	1,152,315	(15,879,798)	(15,879,798)
Public safety	25,565,896	2,728,314	2,002,022	-	(20,835,560)	(20,835,560)
Emergency medical services	5,128,954	1,445,082	800,300	-	(2,883,572)	(2,883,572)
Road and bridge	11,638,868	-	830,383	34,468	(10,774,017)	(10,774,017)
Weeds	151,866	-	-	-	(151,866)	(151,866)
Health	334,537	-	-	-	(334,537)	(334,537)
Welfare	76,492	-	-	-	(76,492)	(76,492)
Junior college	145,213	-	-	-	(145,213)	(145,213)
Historical society and recreation	1,037,793	39,701	37,392	-	(960,700)	(960,700)
Capital outlay	312,582	-	-	-	(312,582)	(312,582)
Amortization expense	118,103	-	-	-	(118,103)	(118,103)
Interest on long-term debt	155,543	-	-	-	(155,543)	(155,543)
Total governmental activities	66,185,911	5,992,498	6,378,647	1,186,783	(52,627,983)	(52,627,983)
Business-type activities:						
Solid waste	8,497,415	4,417,414	-	-	(4,080,001)	(4,080,001)
Total business-type activities	8,497,415	4,417,414	-	-	(4,080,001)	(4,080,001)
Total primary government	\$ 74,683,326	\$ 10,409,912	\$ 6,378,647	\$ 1,186,783	(52,627,983)	(56,707,984)
General revenues						
Taxes:						
Property taxes, levied for general purposes				33,646,529	-	33,646,529
Special assessments				-	5,051,095	5,051,095
Intergovernmental				11,488,163	-	11,488,163
Licenses and permits				1,211,059	-	1,211,059
Fines				149,683	-	149,683
Contributions to self-funded insurance				4,570,635	-	4,570,635
Donated asset				1,341,623	-	1,341,623
Miscellaneous				1,225,687	3,024	1,228,711
Interest and investment earnings				63,271	-	63,271
Transfer in (out)				24,977	(24,977)	-
Total general revenue				53,721,627	5,029,142	58,750,769
Change in net position				1,093,644	949,141	2,042,785
Net position - beginning of year				53,266,599	6,745,127	60,011,726
Prior period adjustment (Note 16)				1,061,886	-	1,061,886
Total net position - end of year				\$ 55,422,129	\$ 7,694,268	\$ 63,116,397

BONNER COUNTY, IDAHO
Sandpoint, Idaho

**GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2022**

	Current Expense	Justice	Road and Bridge	Grants	Ambulance District	Nonmajor Governmental	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Cash and investments	3,855,089	6,300,421	3,023,012	8,791,143	816,750	7,185,101	29,971,516
Receivables, net of allowance for uncollectibles:							
Taxes	203,099	541,213	174,258	-	88,879	209,675	1,217,124
Unbilled taxes	5,317,928	15,884,464	5,838,796	-	2,861,499	6,024,486	35,927,173
Interest	-	-	-	60	-	-	60
Fees	-	-	-	-	-	829	829
Accounts, net	44,970	-	1,040	14,830	325,374	55,823	442,037
Prepaid items	68,125	19,103	11,927	-	70,178	885,156	1,054,489
Due from other governments	526,974	866,494	898,112	967,578	2,454	353,411	3,615,023
Due from other funds	130,660	120,897	-	-	-	276,561	528,118
Total assets	<u>10,146,845</u>	<u>23,732,592</u>	<u>9,947,145</u>	<u>9,773,611</u>	<u>4,165,134</u>	<u>14,991,042</u>	<u>72,756,369</u>
Deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,146,845</u>	<u>\$ 23,732,592</u>	<u>\$ 9,947,145</u>	<u>\$ 9,773,611</u>	<u>\$ 4,165,134</u>	<u>\$ 14,991,042</u>	<u>\$ 72,756,369</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Warrants payable	-	-	-	-	27,782	250	28,032
Accounts payable	368,949	254,781	708,106	651,323	151,733	568,359	2,703,251
Accrued payroll	179,382	419,701	101,413	11,155	105,624	156,477	973,752
Accrued retirement payable	20,481	47,296	10,678	1,487	11,911	17,565	109,418
Due to other funds	-	-	-	1,433,994	-	-	1,433,994
Total liabilities	<u>568,812</u>	<u>721,778</u>	<u>820,197</u>	<u>2,097,959</u>	<u>297,050</u>	<u>742,651</u>	<u>5,248,447</u>
Deferred inflows of resources:							
Deferred revenue	182,621	486,655	158,176	-	82,097	187,158	1,096,707
Deferred grant revenue	-	-	-	7,539,283	-	-	7,539,283
Unavailable tax revenue	5,317,928	15,884,464	5,838,796	-	2,861,499	6,024,486	35,927,173
Total deferred inflows of resources	<u>5,500,549</u>	<u>16,371,119</u>	<u>5,996,972</u>	<u>7,539,283</u>	<u>2,943,596</u>	<u>6,211,644</u>	<u>44,563,163</u>
Fund balance:							
Nonspendable	68,125	19,103	11,927	-	70,178	885,156	1,054,489
Assigned	1,480,179	2,979,865	720,000	-	620,000	700,000	6,500,044
Restricted for:							
General government	-	-	-	-	-	2,987,710	2,987,710
Public safety	-	3,640,727	-	136,369	-	2,134,476	5,911,572
Road and bridge	-	-	2,398,049	-	-	-	2,398,049
Emergency medical services	-	-	-	-	234,310	-	234,310
Historical society and recreation	-	-	-	-	-	405,552	405,552
Health and welfare	-	-	-	-	-	435,376	435,376
Weeds	-	-	-	-	-	11,893	11,893
Road construction	-	-	-	-	-	476,343	476,343
Capital projects	-	-	-	-	-	241	241
Unassigned	2,529,180	-	-	-	-	-	2,529,180
Total fund balance	<u>4,077,484</u>	<u>6,639,695</u>	<u>3,129,976</u>	<u>136,369</u>	<u>924,488</u>	<u>8,036,747</u>	<u>22,944,759</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 10,146,845</u>	<u>\$ 23,732,592</u>	<u>\$ 9,947,145</u>	<u>\$ 9,773,611</u>	<u>\$ 4,165,134</u>	<u>\$ 14,991,042</u>	<u>\$ 72,756,369</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2022**

Total fund balances - governmental funds		22,944,759
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	545,538,031	
Accumulated depreciation	<u>(498,041,015)</u>	47,497,016
Right-of-use lease assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds.		
Cost of right-of-use lease assets	1,592,223	
Accumulated amortization	<u>(118,103)</u>	1,474,120
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and therefore are deferred in the funds.		
		1,096,707
Net position of internal service funds are included in government-wide Statement of Net Position		
		22,933
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		13,246,869
Deferred inflow of resources		(108,612)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when paid.		
		(39,715)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Net pension liability	(24,334,195)	
Right-of-use lease liability	(1,428,656)	
Compensated absences, due after one year	(2,001,972)	
Long-term financing	<u>(2,947,125)</u>	(30,711,948)
Total net position - governmental activities		<u><u>\$ 55,422,129</u></u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

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

	Current Expense	Justice	Road and Bridge	Grants	Ambulance District	Nonmajor Governmental	Total Governmental Funds
REVENUES							
Taxes	5,780,518	14,797,049	4,312,739	-	2,667,542	5,724,337	33,282,185
Intergovernmental	3,556,362	3,409,313	6,179,472	3,653,230	800,300	1,454,916	19,053,593
Licenses and permits	612,930	344,318	-	-	-	253,811	1,211,059
Charges for services	1,747,134	915,314	-	-	1,445,082	1,884,968	5,992,498
Fines	-	-	-	-	-	149,683	149,683
Interest income	47,426	-	-	-	6,674	8,697	62,797
Miscellaneous	132,722	219,216	279,230	-	18,407	448,612	1,098,187
Total revenues	<u>11,877,092</u>	<u>19,685,210</u>	<u>10,771,441</u>	<u>3,653,230</u>	<u>4,938,005</u>	<u>9,925,024</u>	<u>60,850,002</u>
EXPENDITURES							
General government	9,954,570	-	-	-	-	3,465,893	13,420,463
Public safety	297,867	18,137,903	-	564,416	-	3,683,697	22,683,883
Emergency medical expenses	-	-	-	-	4,503,991	-	4,503,991
Road and bridge	-	-	8,709,735	-	-	174,346	8,884,081
Weeds	-	-	-	-	-	142,608	142,608
Health	-	-	-	-	-	334,537	334,537
Welfare	-	-	-	-	-	70,797	70,797
Junior college	-	-	-	-	-	145,213	145,213
Historical society and recreation	-	-	-	-	-	853,431	853,431
Capital outlay	330,290	300,676	1,579,117	2,148,493	1,063,138	921,914	6,343,628
Debt service:							
Principal	150,798	1,888	542,769	-	88,977	10,881	795,313
Interest	22,950	262	74,045	-	18,533	38	115,828
Total expenditures	<u>10,756,475</u>	<u>18,440,729</u>	<u>10,905,666</u>	<u>2,712,909</u>	<u>5,674,639</u>	<u>9,803,355</u>	<u>58,293,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,120,617</u>	<u>1,244,481</u>	<u>(134,225)</u>	<u>940,321</u>	<u>(736,634)</u>	<u>121,669</u>	<u>2,556,229</u>
Other financing sources (uses)							
Transfer in (out)	(454,591)	(194,000)	(52,355)	(906,000)	(38,290)	298,492	(1,346,744)
Proceeds from long-term financing	24,134	18,535	668,445	-	-	-	711,114
Proceeds from sale of capital asset	67,582	-	390,782	-	-	-	458,364
Total other financing sources (uses)	<u>(362,875)</u>	<u>(175,465)</u>	<u>1,006,872</u>	<u>(906,000)</u>	<u>(38,290)</u>	<u>298,492</u>	<u>(177,266)</u>
Net change in fund balance	757,742	1,069,016	872,647	34,321	(774,924)	420,161	2,378,963
Fund balances - beginning of year	3,319,742	5,570,679	2,257,329	102,048	1,699,412	7,691,612	20,640,822
Prior period adjustment (Note 16)	-	-	-	-	-	(75,026)	(75,026)
Fund balances - end of year	<u>\$ 4,077,484</u>	<u>\$ 6,639,695</u>	<u>\$ 3,129,976</u>	<u>\$ 136,369</u>	<u>\$ 924,488</u>	<u>\$ 8,036,747</u>	<u>\$ 22,944,759</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, 2022**

Net change in fund balances - governmental funds 2,378,963

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays	5,988,377	
Donated assets	1,341,623	
Depreciation expense	(5,198,288)	
		2,131,712

Capital outlays used to lease right-of-use lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities the costs of these assets are allocated over their estimated useful lives and reported as amortization expense:

Right-of-use lease asset	42,669	
Amortization expense	(118,103)	
		(75,434)

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.

364,344

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.

(329,835)

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:

Long-term financing received	(668,445)	
Long-term financing principal payments	631,746	
Right-of-use financing received	(42,669)	
Right-of-use principal payments	163,567	
		84,199

Net pension liability adjustments:

Fiscal year 2021 employer PERSI contributions recognized as pension expense in the current year.	(762,653)	
--	-----------	--

Fiscal year 2022 employer PERSI contributions deferred to subsequent year.	780,707	
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Pension related amortization expense.	(3,541,943)	
		(3,523,889)

Net change of internal service funds not reflected in governments funds are included in the Statement of Activities

(19,904)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when due.

(39,715)

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 liability changed versus the amount paid during the year.

123,203

Total change in net position - governmental activities \$ 1,093,644

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SOLID WASTE FUND
STATEMENT OF NET POSITION
September 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	5,435,270	
Receivables, net of allowance for uncollectibles:		
Special assessment	184,970	
Unbilled special assessments	5,054,580	
Accounts, net	382,696	
Prepaid items	5,963	
Due from other governments	132	
Restricted assets:		
Cash on deposit with fiscal agent	664	
Total current assets		11,064,275

Noncurrent assets:

Land	518,416	
Construction in progress	549,207	
Depreciable capital assets, net	2,299,905	
Total noncurrent assets		3,367,528

Total assets 14,431,803

DEFERRED OUTFLOW OF RESOURCES

Pension related items	<u>592,317</u>
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LIABILITIES

Current liabilities:

Accounts payable	542,722	
Accrued payroll	44,505	
Accrued retirement payable	5,030	
Accrued interest	4,551	
Long-term financing, due within one year	23,862	
Total current liabilities		620,670

Noncurrent liabilities:

Accrued compensated absences	92,655	
Long-term financing, due after one year	75,693	
Interim financing	393,325	
Net pension liability	1,088,073	
Total noncurrent liabilities		1,649,746

Total liabilities 2,270,416

DEFERRED INFLOW OF RESOURCES

Unbilled special assessment revenue	5,054,580	
Pension related items	4,856	
Total deferred inflow of resources		<u>5,059,436</u>

NET POSITION

Net investment in capital assets	2,874,648	
Restricted for:		
Debt service	664	
Unrestricted	4,818,956	

Total net position \$ 7,694,268

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SOLID WASTE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2022

OPERATING REVENUES

Charges for services	4,417,414	
Miscellaneous income	<u>3,024</u>	
Total operating revenues		4,420,438

OPERATING EXPENSES

Salaries	1,108,359	
Benefits	668,939	
Other services and charges	6,306,318	
Depreciation	<u>413,799</u>	
Total operating expenses		<u>8,497,415</u>

Operating loss		(4,076,977)
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NON-OPERATING REVENUES (EXPENSES)

Special assessments	5,051,095	
Transfer in (out)	<u>(24,977)</u>	
Total non-operating revenues		<u>5,026,118</u>

Change in net position		949,141
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Net position - beginning of year		<u>6,745,127</u>
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Net position - end of year		<u><u>\$ 7,694,268</u></u>
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BONNER COUNTY, IDAHO
Sandpoint, Idaho

SOLID WASTE FUND
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2022

Cash flows from operating activities		
Cash received from customers	4,411,920	
Cash paid to suppliers	(6,388,772)	
Cash paid for salaries and benefits	(1,612,999)	
Net cash provided by (used in) operating activities		(3,589,851)
Cash flows from investing activities		-
Cash flows from capital financing and related financing activities		
Acquisition of capital assets	(1,183,607)	
Cash received from long-term financing	99,555	
Cash received from interim financing	393,325	
Net cash provided by (used in) capital financing activities		(690,727)
Cash flows from non-capital financing activities		
Special assessments	5,022,745	
Cash received from (paid to) other funds	(24,977)	
Net cash provided by (used in) non-capital financing activities		4,997,768
Net increase (decrease) in cash and cash equivalents		717,190
Cash and cash equivalents- beginning of year		4,718,744
Cash and cash equivalents- end of year		<u>\$ 5,435,934</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)		(4,076,977)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	413,799	
Change in pension related items:		
Deferred outflow of resources	(266,596)	
Deferred inflow of resources	(680,308)	
Decrease (increase) in assets:		
Receivables	(8,646)	
Due from other governments	128	
Prepaid expenses	9,064	
Net pension asset	21,418	
Increase (decrease) in liabilities:		
Accounts payable	(96,069)	
Accrued payroll	6,026	
Accrued interest	4,551	
Accrued retirement payable	695	
Net pension liability	1,088,073	
Accrued compensated absences	(5,009)	
Total adjustments		487,126
Net cash provided by (used in) operating activities		<u>\$ (3,589,851)</u>
Cash and cash equivalents reconciliation		
Cash and cash equivalents		5,435,270
Cash on deposit with fiscal agent		664
Total cash and cash equivalents		<u>\$ 5,435,934</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF NET POSITION
September 30, 2022

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
ASSETS			
Cash and cash equivalents	-	33,964	33,964
Due from other funds	905,876	-	905,876
Restricted assets:			
Deposit	88,283	-	88,283
Total assets	<u>994,159</u>	<u>33,964</u>	<u>1,028,123</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Accounts payable	232,156	7,538	239,694
IBNR claims liability	761,359	4,137	765,496
Total liabilities	<u>993,515</u>	<u>11,675</u>	<u>1,005,190</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted:			
Self-funded insurance	<u>\$ 644</u>	<u>\$ 22,289</u>	<u>\$ 22,933</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2022

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
OPERATING REVENUE			
Contributions - employer	3,582,762	203,608	3,786,370
Contributions - employee	750,602	33,663	784,265
Total operating revenue	<u>4,333,364</u>	<u>237,271</u>	<u>4,570,635</u>
OPERATING EXPENSES			
Administrative expense	756,886	21,540	778,426
Medical claims	3,887,791	-	3,887,791
Dental claims	-	201,255	201,255
Pharmacy claims	1,085,795	-	1,085,795
COBRA admin fees	9,467	-	9,467
Total operating expenses	<u>5,739,939</u>	<u>222,795</u>	<u>5,962,734</u>
Operating income (loss)	(1,406,575)	14,476	(1,392,099)
NON-OPERATING REVENUE			
Interest earnings	474	-	474
Transfer in	1,371,721	-	1,371,721
Total non-operating revenue	<u>1,372,195</u>	<u>-</u>	<u>1,372,195</u>
Net change in net position	(34,380)	14,476	(19,904)
Net position - beginning of year	<u>35,024</u>	<u>7,813</u>	<u>42,837</u>
Net position - end of year	<u>\$ 644</u>	<u>\$ 22,289</u>	<u>\$ 22,933</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2022

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
Cash flows from operating activities			
Contributions	4,332,890	237,271	4,570,161
Cash paid for benefits	(4,258,661)	(197,517)	(4,456,178)
Cash paid for administration	(766,353)	(21,540)	(787,893)
Net cash provided by (used in) operating activities	(692,124)	18,214	(673,910)
Cash flows from investing activities			
Earnings on investments	474	-	474
Cash flows from capital financing and related financing activities	-	-	-
Cash flows from non-capital financing activities			
Cash received from (paid to) other funds	465,845	-	465,845
Net increase (decrease) in cash and cash equivalents	(225,805)	18,214	(207,591)
Cash and cash equivalents- beginning of year	225,805	15,750	241,555
Cash and cash equivalents- end of year	\$ -	\$ 33,964	\$ 33,964
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	(1,406,575)	14,476	(1,392,099)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Decrease (increase) in assets:			
Deposit	(474)	-	(474)
(Decrease) increase in liabilities:			
Accounts payable	231,998	7,538	239,536
IBNR claims liability	482,927	(3,800)	479,127
Net cash provided by (used in) operating activities	\$ (692,124)	\$ 18,214	\$ (673,910)

BONNER COUNTY, IDAHO
Sandpoint, Idaho

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2022

		Total Custodial Funds
		<hr/>
ASSETS		
Current assets:		
Cash and cash equivalents	3,414,147	
Taxes receivable	<u>1,527,653</u>	
Total assets		<hr/> 4,941,800 <hr/>
DEFERRED OUTFLOW OF RESOURCES		<hr/> - <hr/>
LIABILITIES		
Current liabilities:		
Warrants payable	2,243,202	
Due to other governments	<u>1,088,108</u>	
Total liabilities		<hr/> 3,331,310 <hr/>
DEFERRED INFLOW OF RESOURCES		<hr/> - <hr/>
NET POSITION		
Restricted		<hr/> \$ 1,610,490 <hr/>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

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

		Total Custodial Funds
<hr/>		
ADDITIONS		
Property tax	41,402,434	
Fees collected for other Govs	11,562,456	
Non property taxes collected for other gov's	12,526	
Court Fees	453,140	
Miscellaneous	40,885	
Catastrophic collections	185,923	
Estate receipts	21,041	
Benefit contributions	634,129	
Tax parcel sale proceeds	<u>285,469</u>	
Total additions		<u>54,598,003</u>
DEDUCTIONS		
Payments to other governments	50,462,485	
Payments of excess parcel sales	194,415	
Payments for catastrophic health	116,278	
Payments to vendors	<u>3,455,640</u>	
Total deductions		<u>54,228,818</u>
Net change in net position		369,185
Beginning net position		<u>1,241,305</u>
Ending net position		<u><u>\$ 1,610,490</u></u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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:

- **Current Expense Fund:** This 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:** This fund accounts for the services and equipment used to provide for the public safety of the County.
- **Road and Bridge Fund:** This fund accounts for the design, construction and maintenance of the County roads.
- **Grants Fund:** This fund accounts for numerous grants the County receives.
- **Ambulance District:** This fund 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:

- **Custodial 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 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.

NOTE 1 Summary of Significant Accounting Policies (Continued)

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.

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 long-term financing arrangements 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 current expense, 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, 2022 except for the ambulance district that recorded an allowance of \$139,979.

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 paid time off (PTO) in varying amounts. In the event of termination, an employee is reimbursed for accumulated PTO up to a maximum of 160-320 hours for employees depending on length of service. Employees are also reimbursed for up to 25% of their catastrophic sick leave account balances if they are over the age of 55 and had 5 years of continuous services.

Long Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type of Statement of Net Position.

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.

NOTE 1 **Summary of Significant Accounting Policies (Continued)**

Deferred Grant Revenue – Deferred grant revenue in the Grants Fund represents grant money that has been received but not yet earned.

Unavailable Tax Revenue – Unavailable tax revenue represents the property taxes levied for 2022 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.

Pensions – For purposes of measuring the Net Pension (Asset) 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, *nonspendable* 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 current expense 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 current expense fund and includes all spendable amounts not contained in the other classifications. The County applies committed resources, then assigned resources, then unassigned resources when an expenditures is incurred for purposes for which all fund balance classifications are available.

Restricted balances are as follows:

- The County levies for, and receives, restricted funds for various governmental services. The County has segregated these amounts into the following functions/programs: general government, public safety, road and bridge, emergency medical services, debt service, historical society and recreation, health and welfare, weeds, self-funded insurance, road construction and capital projects.

Nonspendable balances are as follows:

- Prepaid items – Liability insurance, software licenses, etc.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Assigned balances are as follows:

- The County has assigned funds consisting of the use of fund balance to balance the 2022-2023 budget in the amount of \$6,500,044.

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 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.

NOTE 2 Cash and Investments (Continued)

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, 2022, the following issuers hold more than 5% of the County's total portfolio: State of Idaho Investment Pool - 40%, Columbia Bank - 45%, Mountain West Bank - 8% and Multi-Bank Securities, Inc. - 7%.

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, 2022, 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 \$16,699,286 that are uninsured, unregistered, and held by Columbia Bank, \$3,116,292 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 collateral held in trust by Federal Home Loan Bank in Columbia Bank and Mountain West Bank's name with market values of \$42,424,432 as of September 30, 2022. 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.

NOTE 2 Cash and Investments (Continued)

<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</u>	<u>Cost</u>	<u>Percent of Total</u>
Columbia Bank							
Repurchase agreements							
Treasurer's account	16,083,058	-	-	-	16,083,058	16,083,058	41.17%
Ambulance account	616,750	-	-	-	616,750	616,750	1.58%
Checking accounts							
Ambulance checking	200,000	-	-	-	200,000	200,000	0.51%
General checking	140,000	-	-	-	140,000	140,000	0.36%
Fair association	169,075	-	-	-	169,075	169,075	0.43%
Drug Restitution	76,190	-	-	-	76,190	76,190	0.20%
4H	7,360	-	-	-	7,360	7,360	0.02%
Magistrate	67,768	-	-	-	67,768	67,768	0.17%
Prosecutors	343	-	-	-	343	343	0.00%
Law foundation	4,854	-	-	-	4,854	4,854	0.01%
Medical	-	-	-	-	-	-	0.00%
Mountain West Bank							
Repurchase agreements	3,116,292	-	-	-	3,116,292	3,116,292	7.98%
Checking account							
Treasurer's checking	50,000	-	-	-	50,000	50,000	0.13%
Fair association	20,416	-	-	-	20,416	20,416	0.05%
Nationwide Retirement Solutions	176,478	-	-	-	176,478	176,478	0.45%
State of Idaho							
Local government							
investment pool	-	15,568,769	-	-	15,568,769	15,568,769	39.86%
Multi-Bank Securities, Inc.	-	-	-	2,548,563	2,548,563	2,752,000	7.05%
Cash on hand	9,645	-	-	-	9,645	9,645	0.02%
Total Cash and investments	<u>\$20,738,229</u>	<u>\$15,568,769</u>	<u>\$ -</u>	<u>\$2,548,563</u>	<u>\$38,855,561</u>	<u>\$39,058,998</u>	<u>100.0%</u>

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

Cash on hand	9,645
Bank deposits	912,484
Carrying value of investments:	
Repurchase agreements	19,816,100
LGIP	15,568,769
Multi-Bank Securities	<u>2,548,563</u>
Total cash and investments	<u>\$38,855,561</u>

NOTE 3 Property Tax

The County's property tax is recognized as an asset at the time the County has an enforceable legal claim to the resources (January 1st of each year) and the revenue is recognized in the period for which the taxes are levied. For FY2022, the County has recognized the 2021 levy as revenue and the tax year 2022 levy as an asset.

Tax Year 2021 Levy (FY2022 Revenue)

The market value upon which the 2021 levy was based was \$9,698,315,762 for the County and Ambulance District. The market value was \$7,576,622,003 for the Road and Bridge fund.

NOTE 3 Property Tax (Continued)

The property tax was levied in October 2021 and was due in two equal installments on December 20th and June 20th.

The total tax levy (per \$100 of value) for the year was as follows:

	Percentage	Amount
County	26.91419%	\$27,221,066
Ambulance District	2.70461%	\$2,735,250
Road and Bridge	5.75609%	\$4,411,459

Tax Year 2022 Levy (FY2022 Asset)

The property tax levy for 2022 has been recorded as an asset in the amount of \$35,927,173. This levy is for the FY2023 operations and has been presented as unavailable property tax revenue.

Deferred Revenue

Total taxes receivable as of September 30, 2022	1,217,124
Less: Taxes collected by November 30, 2022	(120,417)
Total deferred tax revenue	<u>\$ 1,096,707</u>

NOTE 4 Capital Assets

Capital asset activity for the year ended September 30, 2022 was as follows:

Governmental activities:

	Beginning Balance	Additions	Transfers/ Adjustments	Disposals	Ending Balance
Capital assets, depreciated:					
Infrastructure	471,410,393	1,317,972	2,020,634	-	474,748,999
Biological	7,000	-	-	-	7,000
Building and improvements	25,630,255	119,022	1,178,016	-	26,927,293
Machinery and equipment	35,496,663	2,437,311	(301,843)	(1,436,616)	36,195,515
Accumulated depreciation	(494,202,347)	(5,198,288)	-	1,359,620	(498,041,015)
Net capital assets, depreciated	<u>38,341,964</u>	<u>(1,323,983)</u>	<u>2,896,807</u>	<u>(76,996)</u>	<u>39,837,792</u>
Capital assets, not depreciated					
Land	4,693,648	-	-	-	4,693,648
Construction in progress	<u>2,719,083</u>	<u>3,455,695</u>	<u>(3,198,650)</u>	<u>(10,552)</u>	<u>2,965,576</u>
Total capital assets, not depreciated	<u>7,412,731</u>	<u>3,455,695</u>	<u>(3,198,650)</u>	<u>(10,552)</u>	<u>7,659,224</u>
Total capital assets, net	<u>\$ 45,754,695</u>	<u>\$ 2,131,712</u>	<u>\$ (301,843)</u>	<u>\$ (87,548)</u>	<u>\$ 47,497,016</u>

NOTE 4 Capital Assets (Continued)

During 2022, depreciation expense was charged to functions as follows:

General government	1,375,557
Public safety	1,100,730
Emergency medical services	234,509
Road and bridge	2,377,721
Historical society and recreation	109,771
Total	<u>\$5,198,288</u>

Business-type activities:

	Beginning Balance	Additions	Transfers/ Adjustments	Disposals	Ending Balance
Capital assets, depreciated:					
Buildings and improvements	1,023,335	-	-	-	1,023,335
Other improvements	3,691,468	509,956	-	-	4,201,424
Machinery and equipment	1,427,061	124,444	-	(12,496)	1,539,009
Total capital assets, depreciated	6,141,864	634,400	-	(12,496)	6,763,768
Less: accumulated depreciation					
Buildings and improvements	(592,855)	(29,633)	-	-	(622,488)
Other improvements	(2,343,214)	(276,601)	-	-	(2,619,815)
Machinery and equipment	(1,126,491)	(107,565)	-	12,496	(1,221,560)
Total accumulated depreciation	(4,062,560)	(413,799)	-	12,496	(4,463,863)
Net capital assets, depreciated	2,079,304	220,601	-	-	2,299,905
Capital assets, not depreciated					
Land	518,416	-	-	-	518,416
Construction in progress	-	549,207	-	-	549,207
Total capital assets, not	518,416	549,207	-	-	1,067,623
Total capital assets, net	<u>\$ 2,597,720</u>	<u>\$ 769,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,367,528</u>

During 2022, \$413,799 depreciation expense was charged to Solid Waste.

NOTE 5 Right-of-use Lease Asset/Liability

During the year ended September 30, 2022, the County adopted new accounting guidance by implementing the provision of GASB Statement No. 87, *Leases*, which establishes criteria for identifying and reporting right-of-use lease assets and lease liabilities. The implementation of this statement has resulted in a change in the presentation of the financial statements for the following activities:

NOTE 5 Right-of-use Lease Asset/Liability (Continued)

- Equipment leases previously reported as operating leases have been restated as a right-of-use lease asset and right-of-use liability.
- The facility leases previously reported as operating leases have been restated as a right-of-use asset and right-of-use liability.

The restatement has no affect on beginning governmental activities net position.

During the year ended September 30, 2022, the following changes occurred in right-of-use lease assets:

	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year
Right-of-Use Lease Assets					
Facility	1,508,775	-	-	-	1,508,775
Equipment	40,779	42,669	-	-	83,448
Total Right-of-Use Lease Assets	<u>1,549,554</u>	<u>42,669</u>	<u>-</u>	<u>-</u>	<u>1,592,223</u>
Less: Accumulated Amortization					
Facility	-	(99,306)	-	-	(99,306)
Equipment	-	(18,797)	-	-	(18,797)
Total Accumulated Amortization	<u>-</u>	<u>(118,103)</u>	<u>-</u>	<u>-</u>	<u>(118,103)</u>
Total Right-of-Use Lease Assets, net	<u>\$ 1,549,554</u>	<u>\$ (75,434)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,474,120</u>

Total lease expense for the year ended September 30, 2022 is as follows:

Lease expense

Amortization expense by class of
underlying asset

Facility	99,306
Equipment	18,797
Total amortization expense	<u>118,103</u>
Interest on lease liabilities	29,831
Total	<u><u>\$ 147,934</u></u>

During the year ended September 30, 2022, the following changes occurred in the right-of-use lease liability:

	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Right-of-Use Lease Liabilities						
Facility	\$ 1,508,775	\$ -	\$ -	\$ (144,750)	\$ 1,364,025	\$ 79,188
Equipment	\$ 40,779	\$ 42,669	\$ -	\$ (18,817)	\$ 64,631	\$ 21,243
	<u>\$ 1,549,554</u>	<u>\$ 42,669</u>	<u>\$ -</u>	<u>\$ (163,567)</u>	<u>\$ 1,428,656</u>	<u>\$ 100,431</u>

NOTE 5 Right-of-use Lease Asset/Liability (Continued)

Future minimum annual payments as of September 30, 2022 are as follows:

FY Ending September 30,	Principal	Interest	Total Payments
2023	100,432	28,067	128,499
2024	101,513	26,144	127,657
2025	94,899	24,224	119,123
2026	95,333	22,304	117,637
2027	92,104	20,370	112,474
Thereafter	944,375	115,332	1,059,707
Total Future Payments	\$ 1,428,656	\$ 236,441	\$ 1,665,097

NOTE 6 Long-Term Obligations

The County finances various vehicles through long-term financing arrangements all of which are payable for from governmental funds. The long-term financing arrangements are arranged through agreements with various banks and financing institutions.

	Interest Rates	Issue Date	Maturity	Indebtedness September 30, 2022
<i>Governmental Activities</i>				
Heavy Equipment	2.35%-3.99%	Varies	Varies	2,947,125
<i>Business-Type Activities</i>				
Heavy Equipment	2.78%	Varies	Varies	99,555

A summary of changes in long-term liabilities of the County for the year ended September 30, 2022 is as follows:

	Long-Term Obligations October 1, 2021	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations September 30, 2022	Due Within One Year	Remaining Balance
<u>Governmental activities:</u>						
Compensated absences	2,125,175	-	(123,203)	2,001,972	-	2,001,972
Heavy Equipment	2,910,426	668,445	(631,746)	2,947,125	476,175	2,470,950
Total governmental activities	\$ 5,035,601	\$ 668,445	\$ (754,949)	\$ 4,949,097	\$ 476,175	\$ 4,472,922
<u>Business-type activities:</u>						
Interium financing	-	393,325	-	393,325	-	393,325
Compensated absences	97,664	-	(5,009)	92,655	-	92,655
Heavy Equipment	-	99,555	-	99,555	23,862	75,693
Total business-type activities	\$ 97,664	\$ 492,880	\$ (5,009)	\$ 585,535	\$ 23,862	\$ 561,673

NOTE 6 Long-Term Obligations (Continued)

Future minimum annual payments as of September 30, 2022 are as follows:

FY Ending September 30,	Principal	Interest	Total Payments
2023	500,037	104,117	604,154
2024	1,861,402	89,454	1,950,856
2025	164,420	39,113	203,533
2026	280,300	33,652	313,952
2027	633,846	24,472	658,318
Total Future Payments	<u>\$ 3,440,005</u>	<u>\$ 290,808</u>	<u>\$ 3,730,813</u>

NOTE 7 Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of September 30, 2022 was as follows:

Fund	Interfund Receivable	Interfund Payable
Current Expense Fund	130,660	-
Airport Fund	266,486	-
Weeds Fund	10,075	-
Justice Fund	120,897	-
Grants Fund	-	1,433,994
Self-Funded Medical Insurance Fund	905,876	-
	<u>\$ 1,433,994</u>	<u>\$ 1,433,994</u>

The primary purpose of interfund transfers is to redistribute money as deemed appropriate by management. Operating transfers between funds occurred as follows:

Fund	Transfers Out	Transfers In
Current Expense Fund	454,591	-
Road and Bridge Fund	52,355	-
Airport Fund	2,504	-
Elections Fund	-	356,041
District Court Fund	28,723	-
Revaluation Fund	21,878	-
Solid Waste Fund	24,977	-
Weeds Fund	641	-
Parks and Recreation Fund	2,115	-
Justice Fund	194,000	-
Waterways Fund	1,688	-
Grants Fund	906,000	-
Self-Funded Medical Insurance Fund	-	1,371,721
Ambulance District	38,290	-
Total	<u>\$ 1,727,762</u>	<u>\$ 1,727,762</u>

NOTE 8 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, 2022:

Fund	Excess
Parks and Recreation	\$13,335

NOTE 9 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. The assets and liabilities relating to this deferred compensation plan have been excluded from the County's financial statements.

NOTE 10 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, 2022. All amounts are as of June 30, 2022 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 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.

NOTE 10 Defined Benefit Pension Plan (Continued)

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, 2022 it was 7.16% (9.13%). 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 \$3,061,489 for the year ended September 30, 2022.

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

At September 30, 2022, the County reported a liability for its proportionate share of the net pension (asset) liability as of June 30, 2022. The net pension (asset) liability was measured as of June 30, 2022, and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension (asset) 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, 2022, the County's proportion was 0.64543868%.

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, 2022 was calculated at \$6,590,128.

NOTE 10 Defined Benefit Pension Plan (Continued)

At September 30, 2022, 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	2,795,521	113,468
Changes in assumptions or other inputs	4,144,592	-
Net difference between projected and actual earning on pension plan investments	5,849,363	-
Change in proportionate share	234,095	-
Employer contributions subsequent to the measurement date	<u>815,615</u>	<u>-</u>
Total	<u><u>\$13,839,186</u></u>	<u><u>\$113,468</u></u>

\$815,615 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 (asset) liability in the year ended September 30, 2023.

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>
2023	3,031,297
2024	3,290,762
2025	1,521,947
2026	4,831,975
2027	1,049,737

Actuarial Assumptions

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

NOTE 10 Defined Benefit Pension Plan (Continued)

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
Cost of living (COLA) adjustments	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

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.

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

NOTE 10 Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension (asset) liability was 6.35%. 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 (asset) 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 (asset) liability to changes in the discount rate.

The following presents the net pension (asset) liability of PERSI employer's calculated using the discount rate of 6.35% as well as what the employer's (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (<u>5.35%</u>)	Current Discount Rate (<u>6.35%</u>)	1% Increase (<u>7.35%</u>)
Employer's proportionate share of the net pension (asset) liability	\$44,867,813	\$25,422,268	\$9,506,592

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 September 30, 2022, 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 11 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.

NOTE 11 Self-Funded Insurance Plans (Continued)

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

IBNR claims liability, beginning of year	278,432
Current year claims and changes in estimates	4,973,586
Claims payments	<u>(4,490,659)</u>
IBNR claims liability, end of year	<u>\$761,359</u>

Dental Insurance - Beginning October 2019, the County began self-insuring the cost of employee dental benefits. 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	7,937
Current year claims and changes in estimates	201,255
Claims payments	<u>(205,055)</u>
IBNR claims liability, end of year	<u>\$4,137</u>

NOTE 12 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 \$500,000 per claim. The second type of lawsuit facing the County involves uninsured claims. Presently the County is not defending any significant uninsured lawsuits. Management of the County will vigorously defend against both insured and uninsured claims. Presently there are no materially significant adverse claims pending against Bonner which would be covered through self-insurance.

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.

NOTE 13 Risk Management

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 for related expenditures.

Beginning October 2018, the County began a self-insured retention (SIR) program. In FY2023, the County is responsible to pay the first \$500,000 (per occurrence/wrongful act/accident) of a General Liability claim and \$100,000 for an auto, property, or equipment claim and the SIR program has an aggregate limit of \$10,000,000.

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 Insurance Company. Travelers is an insurance company serving private and public entities and provides insurance for, general liability, auto liability, physical damage, and public officials' insurance. Liberty Mutual provides insurance for Bonner County property loss.

As of May 23, 2023, the County had a variety of outstanding claims. Currently, there are three claims that have the potential of exceeding the SIR level.

NOTE 14 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 \$137,997 during the year end September 30, 2022. 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 15 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, 2022, the following agreements are as follows:

NOTE 15 Tax Abatement (Continued)

- A 50% 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 (50% of \$6.2 million total investment) of assessed value effect for five (5) years starting in tax year 2017. For tax year 2021, the total exemption value was \$3,147,685.

The tax abatement described above does 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.

NOTE 16 Prior Period Adjustment

The County made prior period adjustments for the items as noted below:

- It was determined a receivable as of September 30, 2021 did not materialize. To account for the change in estimate, nonmajor governmental funds accounts receivable and beginning fund balance, as well as beginning net position were decreased \$75,026, respectively.
- It was determined there were leases reported as capital leases as of September 30, 2021 which qualified as operating leases. To account for the correction of an error, beginning net position for governmental activities was increased \$1,196,468 and capital lease payable for governmental activities was decreased by \$1,196,468.
- It was determined there were items recorded as capital assets as of September 30, 2021, that did not qualify as capital assets. To account for the correction of an error, beginning net position of governmental activities was decreased \$59,556, depreciable capital assets (equipment) of governmental activities was decreased \$301,843 and accumulated depreciation of governmental activities was decreased \$242,287.

REQUIRED SUPPLEMENTARY INFORMATION

BONNER COUNTY, IDAHO

Sandpoint, Idaho

CURRENT EXPENSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variances	
				Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	6,111,315	6,111,315	5,780,518	(330,797)	(330,797)
Intergovernmental	1,299,197	1,299,197	3,556,362	2,257,165	2,257,165
Licenses and permits	571,648	571,648	612,930	41,282	41,282
Charges for services	1,485,525	1,485,525	1,747,134	261,609	261,609
Fines	500	500	-	(500)	(500)
Interest income	80,000	80,000	47,426	(32,574)	(32,574)
Miscellaneous	45,510	45,510	132,722	87,212	87,212
Total revenues	9,593,695	9,593,695	11,877,092	2,283,397	2,283,397
Expenditures					
General government	10,257,985	10,341,985	9,954,570	303,415	387,415
Public safety	401,599	435,507	297,867	103,732	137,640
Capital outlay	307,111	307,111	330,290	(23,179)	(23,179)
Debt service:					
Principal	-	-	150,798	(150,798)	(150,798)
Interest	-	-	22,950	(22,950)	(22,950)
Total expenditures	10,966,695	11,084,603	10,756,475	210,220	328,128
Excess (deficiency) of revenues over (under) expenditures	(1,373,000)	(1,490,908)	1,120,617	2,493,617	2,611,525
Other financing sources (uses)					
Transfers out	-	-	(454,591)	(454,591)	(454,591)
Proceeds from financing	-	-	24,134	24,134	24,134
Proceeds from sale of capital asset	-	-	67,582	67,582	67,582
Total other financing sources	-	-	(362,875)	(362,875)	(362,875)
Net change in fund balance	\$ (1,373,000)	\$ (1,490,908)	757,742	\$ 2,130,742	\$ 2,248,650
Fund balance - beginning of year			3,319,742		
Fund balance - end of year			\$ 4,077,484		

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, 2022

	Original Budget	Final Budget	Actual	Variances	
				Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	14,951,641	14,951,641	14,797,049	(154,592)	(154,592)
Intergovernmental	1,755,000	1,755,000	3,409,313	1,654,313	1,654,313
Licenses and permits	336,000	336,000	344,318	8,318	8,318
Charges for services	1,204,680	1,204,680	915,314	(289,366)	(289,366)
Miscellaneous	110,387	110,387	219,216	108,829	108,829
Total revenues	<u>18,357,708</u>	<u>18,357,708</u>	<u>19,685,210</u>	<u>1,327,502</u>	<u>1,327,502</u>
Expenditures					
Public safety	19,545,708	19,651,166	18,137,903	1,407,805	1,513,263
Capital outlay	212,000	184,026	300,676	(88,676)	(116,650)
Debt service:					
Principal	-	-	1,888	(1,888)	(1,888)
Interest	-	-	262	(262)	(262)
Total expenditures	<u>19,757,708</u>	<u>19,835,192</u>	<u>18,440,729</u>	<u>1,316,979</u>	<u>1,394,463</u>
Excess (deficiency) of revenues over (under) expenditures	(1,400,000)	(1,477,484)	1,244,481	2,644,481	2,721,965
Other financing sources (uses)					
Proceeds from financing	-	-	18,535	18,535	18,535
Transfer in (out)	-	-	(194,000)	(194,000)	(194,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(175,465)</u>	<u>(175,465)</u>	<u>(175,465)</u>
Net change in fund balance	<u>\$ (1,400,000)</u>	<u>\$ (1,477,484)</u>	1,069,016	<u>\$ 2,469,016</u>	<u>\$ 2,546,500</u>
Fund balance - beginning of year			<u>5,570,679</u>		
Fund balance - end of year			<u>\$ 6,639,695</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	4,337,011	4,337,011	4,312,739	(24,272)	(24,272)
Intergovernmental	4,701,026	4,701,026	6,179,472	1,478,446	1,478,446
Miscellaneous	70,000	70,000	279,230	209,230	209,230
Total revenues	<u>9,108,037</u>	<u>9,108,037</u>	<u>10,771,441</u>	<u>1,663,404</u>	<u>1,663,404</u>
Expenditures					
Road and bridge	8,933,037	10,150,191	8,709,735	223,302	1,440,456
Capital outlay	250,000	642,259	1,579,117	(1,329,117)	(936,858)
Debt service:					
Principal	275,000	275,000	542,769	(267,769)	(267,769)
Interest	-	-	74,045	(74,045)	(74,045)
Total expenditures	<u>9,458,037</u>	<u>11,067,450</u>	<u>10,905,666</u>	<u>(1,447,629)</u>	<u>161,784</u>
Excess (deficiency) of revenues over (under) expenditures	(350,000)	(1,959,413)	(134,225)	215,775	1,825,188
Other financing sources (uses)					
Proceeds from long-term financing	-	-	668,445	668,445	668,445
Transfers in (out)	-	-	(52,355)	(52,355)	(52,355)
Proceeds from sale of capital asset	-	-	390,782	390,782	390,782
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,006,872</u>	<u>1,006,872</u>	<u>1,006,872</u>
Net change in fund balance	<u>\$ (350,000)</u>	<u>\$ (1,959,413)</u>	872,647	<u>\$ 1,222,647</u>	<u>\$ 2,832,060</u>
Fund balance - beginning of year			<u>2,257,329</u>		
Fund balance - end of year			<u>\$ 3,129,976</u>		

BONNER COUNTY, IDAHO

Sandpoint, Idaho

GRANTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Intergovernmental	3,000,000	3,000,000	3,653,230	653,230	653,230
Expenditures					
Public safety	3,000,000	3,000,000	564,416	2,435,584	2,435,584
Capital outlay	-	-	2,148,493	(2,148,493)	(2,148,493)
Total expenditures	3,000,000	3,000,000	2,712,909	287,091	287,091
Excess (deficiency) of revenues over (under) expenditures	-	-	940,321	940,321	940,321
Other financing sources (uses)					
Transfers in (out)	-	-	(906,000)	(906,000)	(906,000)
Net change in fund balance	\$ -	\$ -	34,321	\$ 34,321	\$ 34,321
Fund balance - beginning of year			102,048		
Fund balance - end of year			\$ 136,369		

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, 2022

	Original Budget	Final Budget	Actual	Variances	
				Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	2,663,397	2,663,397	2,667,542	4,145	4,145
Charges for services	1,200,000	1,200,000	1,445,082	245,082	245,082
Intergovernmental	-	-	800,300	800,300	800,300
Interest income	3,000	3,000	6,674	3,674	3,674
Miscellaneous	16,000	16,000	18,407	2,407	2,407
Total revenues	<u>3,882,397</u>	<u>3,882,397</u>	<u>4,938,005</u>	<u>1,055,608</u>	<u>1,055,608</u>
Expenditures					
Emergency medical expenses	4,024,331	4,534,284	4,503,991	(479,660)	30,293
Capital outlay	849,500	1,316,547	1,063,138	(213,638)	253,409
Debt service:					
Principal	108,566	108,566	88,977	19,589	19,589
Interest	-	-	18,533	(18,533)	(18,533)
Total expenditures	<u>4,982,397</u>	<u>5,959,397</u>	<u>5,674,639</u>	<u>(692,242)</u>	<u>284,758</u>
Excess (deficiency) of revenues over/under expenditures	(1,100,000)	(2,077,000)	(736,634)	363,366	1,340,366
Other financing sources (uses)					
Transfers in (out)	-	-	(38,290)	(38,290)	(38,290)
Net change in fund balance	<u>\$ (1,100,000)</u>	<u>\$ (2,077,000)</u>	(774,924)	<u>\$ 325,076</u>	<u>\$ 1,302,076</u>
Fund balance - beginning of year			<u>1,699,412</u>		
Fund balance - end of year			<u>\$ 924,488</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NET PENSION (ASSET) LIABILITY RELATED SCHEDULES

Schedule of the County's Share of Net Pension (Asset) Liability*

PERSI - Base Plan

As of June 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's portion of the net pension (asset) liability	0.64543868%	0.64262157%	0.6339533%	0.6224781%	0.6053360%	0.5979120%	0.5813633%	0.5581300%	0.5483179%
Employer's proportionate share of the net pension (asset) liability	25,422,268	(507,529)	14,721,234	7,105,414	8,928,812	9,398,150	11,785,127	7,349,664	4,036,478
Employer's covered employee payroll	25,227,005	23,769,291	22,374,323	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 (asset) liability as a percentage of its covered employee payroll	100.77%	-2.14%	65.80%	33.92%	46.28%	51.09%	69.98%	47.46%	27.43%
Plan fiduciary net position as a percentage of the total	83.09%	100.36%	88.22%	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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution - Class 1 Employees	2,066,541	1,947,128	1,832,855	1,627,417	1,499,173	1,417,518	1,297,861	1,193,638	1,134,203
Statutorily required contribution - Class 2 Employees	972,489	916,295	862,520	765,843	705,493	684,689	626,892	576,025	547,343
Total Statutorily required contribution - All employees	3,039,030	2,863,423	2,695,375	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	(3,039,030)	(2,863,423)	(2,695,375)	(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	17,307,714	16,307,605	15,350,544	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	7,919,292	7,461,686	7,023,779	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	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%	11.32%	11.32%
Contributions as a percentage of covered employee payroll - Class 2	12.28%	12.28%	12.28%	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, 2022.

NOTES TO THE NET PENSION (ASSET) LIABILITY SCHEDULES

As of June 30, 2022

Change of Assumptions. There was no change of assumptions as of June 30, 2022

SUPPLEMENTARY INFORMATION



BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash and investments	7,184,860	241	7,185,101
Receivables, net of allowance for uncollectibles:			
Taxes	209,675	-	209,675
Unbilled taxes	6,024,486	-	6,024,486
Fees	829	-	829
Accounts, net	55,823	-	55,823
Prepaid items	885,156	-	885,156
Due from other governments	353,411	-	353,411
Due from other funds	276,561	-	276,561
Total assets	14,990,801	241	14,991,042
Deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 14,990,801</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ 14,991,042</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Warrants payable	250	-	250
Accounts payable	568,359	-	568,359
Accrued payroll	156,477	-	156,477
Retirement payable	17,565	-	17,565
Total liabilities	742,651	-	742,651
Deferred inflows of resources			
Deferred revenue	187,158	-	187,158
Unavailable tax revenue	6,024,486	-	6,024,486
Total deferred inflows of resources	6,211,644	-	6,211,644
Fund balance			
Nonspendable	885,156	-	885,156
Assigned	700,000		700,000
Restricted for:			
General governmental	2,987,710	-	2,987,710
Public safety	2,134,476	-	2,134,476
Historical society and recreation	405,552	-	405,552
Health and welfare	435,376	-	435,376
Weeds	11,893	-	11,893
Road construction	476,343	-	476,343
Capital projects	-	241	241
Total fund balance	8,036,506	241	8,036,747
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 14,990,801</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ 14,991,042</u></u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2022

	<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	562,390	518,164	75,074	516,721	167,915	1,563,240	151,023
Receivables, net of allowance for uncollectibles:							
Taxes	6,912	-	-	62,187	14,437	-	-
Unbilled taxes	121,902	-	-	2,015,680	409,038	-	-
Fees	-	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	55,823	-
Prepaid items	450	33,690	-	908	-	55,971	-
Due from other governments	-	34,447	873	99,258	-	9,645	1,280
Due from other funds	266,486	-	-	-	-	-	-
Total assets	<u>958,140</u>	<u>586,301</u>	<u>75,947</u>	<u>2,694,754</u>	<u>591,390</u>	<u>1,684,679</u>	<u>152,303</u>
Deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 958,140	\$ 586,301	\$ 75,947	\$ 2,694,754	\$ 591,390	\$ 1,684,679	\$ 152,303
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Warrants payable	-	-	-	-	-	-	-
Accounts payable	23,397	8,370	4,070	46,982	-	227,976	-
Accrued payroll	5,994	6,505	-	49,547	8,493	35,171	-
Accrued retirement payable	668	614	-	5,612	940	4,032	-
Total liabilities	<u>30,059</u>	<u>15,489</u>	<u>4,070</u>	<u>102,141</u>	<u>9,433</u>	<u>267,179</u>	<u>-</u>
Deferred inflows of resources:							
Deferred revenue	6,260	-	-	55,888	12,995	-	-
Unavailable tax revenue	121,902	-	-	2,015,680	409,038	-	-
Total deferred inflows of resources	<u>128,162</u>	<u>-</u>	<u>-</u>	<u>2,071,568</u>	<u>422,033</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable	450	33,690	-	908	-	55,971	-
Assigned	300,000	-	-	-	-	-	-
Restricted for:							
General governmental	499,469	537,122	-	-	-	-	-
Public safety	-	-	71,877	520,137	-	1,361,529	152,303
Historical society and recreation	-	-	-	-	159,924	-	-
Health and welfare	-	-	-	-	-	-	-
Weeds	-	-	-	-	-	-	-
Road construction	-	-	-	-	-	-	-
Total fund balances	<u>799,919</u>	<u>570,812</u>	<u>71,877</u>	<u>521,045</u>	<u>159,924</u>	<u>1,417,500</u>	<u>152,303</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 958,140	\$ 586,301	\$ 75,947	\$ 2,694,754	\$ 591,390	\$ 1,684,679	\$ 152,303

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2022

	Court Interlock Device	Health District	Historical Society	Indigent and Charity	Junior College	Revaluation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and investments	28,340	50,468	4,878	387,579	1,377,500	568,004
Receivables, net of allowance for uncollectibles:						
Taxes	-	11,592	898	-	-	51,536
Unbilled taxes	-	517,943	25,445	-	-	1,268,159
Fees	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	-
Prepaid items	-	-	-	950	-	-
Due from other governments	290	-	-	-	82,398	51,727
Due from other funds	-	-	-	-	-	-
Total assets	28,630	580,003	31,221	388,529	1,459,898	1,939,426
Deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 28,630	\$ 580,003	\$ 31,221	\$ 388,529	\$ 1,459,898	\$ 1,939,426
LIABILITIES, DEFERRED INFLOWS OF RESOURCES						
AND FUND BALANCES						
Liabilities:						
Warrants payable	-	-	-	-	-	-
Accounts payable	-	-	-	2,376	69,900	3,823
Accrued payroll	-	-	-	1,309	-	37,033
Accrued retirement payable	-	-	-	153	-	4,206
Total liabilities	-	-	-	3,838	69,900	45,062
Deferred inflows of resources						
Deferred revenue	-	10,425	808	-	-	44,892
Unavailable tax revenue	-	517,943	25,445	-	-	1,268,159
Total deferred inflows of resources	-	528,368	26,253	-	-	1,313,051
Fund balance:						
Nonspendable	-	-	-	950	-	-
Assigned	-	-	-	-	-	100,000
Restricted for:						
General government	-	-	-	-	1,389,998	481,313
Public safety	28,630	-	-	-	-	-
Historical society and recreation	-	-	4,968	-	-	-
Health and welfare	-	51,635	-	383,741	-	-
Weeds	-	-	-	-	-	-
Road construction	-	-	-	-	-	-
Total fund balance	28,630	51,635	4,968	384,691	1,389,998	581,313
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	\$ 28,630	\$ 580,003	\$ 31,221	\$ 388,529	\$ 1,459,898	\$ 1,939,426
AND FUND BALANCE						

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2022

	<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	287,895	9,197	60,588	536,703	88,505	54,700
Receivables, net of allowance for uncollectibles:						
Taxes	51,253	5,145	5,699	-	-	-
Unbilled taxes	1,323,975	161,365	180,979	-	-	-
Fees	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	-
Prepaid items	792,537	-	-	-	-	-
Due from other governments	-	-	-	62,500	-	5,000
Due from other funds	-	10,075	-	-	-	-
Total assets	<u>2,455,660</u>	<u>185,782</u>	<u>247,266</u>	<u>599,203</u>	<u>88,505</u>	<u>59,700</u>
Deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,455,660	\$ 185,782	\$ 247,266	\$ 599,203	\$ 88,505	\$ 59,700
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Warrants payable	250	-	-	-	-	-
Accounts payable	43,761	5,163	2,341	122,860	164	621
Accrued payroll	-	2,467	4,854	-	354	-
Accrued retirement payable	-	270	652	-	-	-
Total liabilities	<u>44,011</u>	<u>7,900</u>	<u>7,847</u>	<u>122,860</u>	<u>518</u>	<u>621</u>
Deferred inflows of resources:						
Deferred revenue	46,140	4,624	5,126	-	-	-
Unavailable tax revenue	1,323,975	161,365	180,979	-	-	-
Total deferred inflows of resources	<u>1,370,115</u>	<u>165,989</u>	<u>186,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:						
Nonspendable	792,537	-	-	-	-	-
Assigned	300,000	-	-	-	-	-
Restricted for:						
General governmental	(51,003)	-	-	-	-	-
Public safety	-	-	-	-	-	-
Historical society and recreation	-	-	53,314	-	87,987	59,079
Health and welfare	-	-	-	-	-	-
Weeds	-	11,893	-	-	-	-
Road construction	-	-	-	476,343	-	-
Total fund balance	<u>1,041,534</u>	<u>11,893</u>	<u>53,314</u>	<u>476,343</u>	<u>87,987</u>	<u>59,079</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,455,660	\$ 185,782	\$ 247,266	\$ 599,203	\$ 88,505	\$ 59,700

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2022

	<u>Waterways</u>	<u>Special County Projects</u>	<u>Drainage District</u>	<u>Translator District</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash and investments	45,008	107,274	23,324	370	7,184,860
Receivables, net of allowance for uncollectibles:					
Taxes	-	-	4	12	209,675
Unbilled taxes	-	-	-	-	6,024,486
Fees	-	-	209	620	829
Accounts, net	-	-	-	-	55,823
Prepaid items	650	-	-	-	885,156
Due from other governments	5,993	-	-	-	353,411
Due from other funds	-	-	-	-	276,561
Total assets	<u>51,651</u>	<u>107,274</u>	<u>23,537</u>	<u>1,002</u>	<u>14,990,801</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 51,651</u>	<u>\$ 107,274</u>	<u>\$ 23,537</u>	<u>\$ 1,002</u>	<u>\$ 14,990,801</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Warrants payable	-	-	-	-	250
Accounts payable	6,555	-	-	-	568,359
Accrued payroll	4,750	-	-	-	156,477
Accrued retirement payable	418	-	-	-	17,565
Total liabilities	<u>11,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>742,651</u>
Deferred inflows of resources:					
Deferred revenue	-	-	-	-	187,158
Unavailable tax revenue	-	-	-	-	6,024,486
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,211,644</u>
Fund balance:					
Nonspendable	650	-	-	-	885,156
Assigned	-	-	-	-	700,000
Restricted for:					
General governmental	-	107,274	23,537	-	2,987,710
Public safety	-	-	-	-	2,134,476
Historical society and recreation	39,278	-	-	1,002	405,552
Health and welfare	-	-	-	-	435,376
Weeds	-	-	-	-	11,893
Road construction	-	-	-	-	476,343
Total fund balance	<u>39,928</u>	<u>107,274</u>	<u>23,537</u>	<u>1,002</u>	<u>8,036,506</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 51,651</u>	<u>\$ 107,274</u>	<u>\$ 23,537</u>	<u>\$ 1,002</u>	<u>\$ 14,990,801</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2022

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	5,724,337	-	5,724,337
Intergovernmental	1,454,916	-	1,454,916
Licenses and permits	253,811	-	253,811
Charges for services	1,884,968	-	1,884,968
Fines	149,683	-	149,683
Interest income	8,697	-	8,697
Miscellaneous	448,612	-	448,612
Total revenues	<u>9,925,024</u>	<u>-</u>	<u>9,925,024</u>
Expenditures			
General governmental	3,465,893	-	3,465,893
Public safety	3,683,697	-	3,683,697
Road and bridge	174,346	-	174,346
Weeds	142,608	-	142,608
Health	334,537	-	334,537
Welfare	70,797	-	70,797
Junior college	145,213	-	145,213
Historical society and recreation	853,431	-	853,431
Capital outlay	921,914	-	921,914
Debt service:			
Principal	10,881	-	10,881
Interest	38	-	38
Total expenditures	<u>9,803,355</u>	<u>-</u>	<u>9,803,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>121,669</u>	<u>-</u>	<u>121,669</u>
Other financing sources (uses)			
Transfers in	<u>298,492</u>	<u>-</u>	<u>298,492</u>
Net change in fund balance	420,161	-	420,161
Fund balances - beginning of year	7,691,371	241	7,691,612
Prior period adjustment (Note 16)	<u>(75,026)</u>	<u>-</u>	<u>(75,026)</u>
Fund balances - end of year	<u>\$ 8,036,506</u>	<u>\$ 241</u>	<u>\$ 8,036,747</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2022

	<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>
Revenues							
Taxes	81,670	-	-	1,843,476	384,511	-	-
Intergovernmental	792	134,749	-	398,301	4,263	-	-
Licenses and permits	-	-	-	-	-	-	-
Charges for services	32,267	-	11,853	45,772	-	1,742,485	12,890
Fines	-	-	-	149,683	-	-	-
Interest income	-	-	-	-	-	8,697	-
Miscellaneous	138,620	508	19,800	123,766	-	-	-
Total revenues	<u>253,349</u>	<u>135,257</u>	<u>31,653</u>	<u>2,560,998</u>	<u>388,774</u>	<u>1,751,182</u>	<u>12,890</u>
Expenditures							
General governmental	317,839	409,734	-	-	-	-	-
Public safety	-	-	19,887	2,088,613	-	1,569,812	-
Road and bridge	-	-	-	-	-	-	-
Weeds	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Welfare	-	-	-	-	-	-	-
Junior college	-	-	-	-	-	-	-
Historical society and recreation	-	-	-	-	326,821	-	-
Capital outlay	596,110	-	-	34,387	-	163,225	-
Debt service:							
Principal	-	1,750	-	-	-	9,131	-
Interest	-	38	-	-	-	-	-
Total expenditures	<u>913,949</u>	<u>411,522</u>	<u>19,887</u>	<u>2,123,000</u>	<u>326,821</u>	<u>1,742,168</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(660,600)</u>	<u>(276,265)</u>	<u>11,766</u>	<u>437,998</u>	<u>61,953</u>	<u>9,014</u>	<u>12,890</u>
Other financing sources (uses)							
Transfers in (out)	<u>(2,504)</u>	<u>356,041</u>	<u>-</u>	<u>(28,723)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(663,104)</u>	<u>79,776</u>	<u>11,766</u>	<u>409,275</u>	<u>61,953</u>	<u>9,014</u>	<u>12,890</u>
Fund balances - beginning of year	1,463,023	491,036	60,111	111,770	97,971	1,408,486	139,413
Prior period adjustment (Note 16)	-	-	-	-	-	-	-
Fund balances - end of year	<u>\$ 799,919</u>	<u>\$ 570,812</u>	<u>\$ 71,877</u>	<u>\$ 521,045</u>	<u>\$ 159,924</u>	<u>\$ 1,417,500</u>	<u>\$ 152,303</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2022

	Court Interlock		Historical	Indigent and		
	Device	Health District	Society	Charity	Junior College	Revaluation
Revenues						
Taxes	-	329,962	24,661	3,696	-	1,442,011
Intergovernmental	-	3,667	274	-	417,920	207,962
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	3,354	-	-	22,257	-	-
Total revenues	<u>3,354</u>	<u>333,629</u>	<u>24,935</u>	<u>25,953</u>	<u>417,920</u>	<u>1,649,973</u>
Expenditures						
General governmental	-	-	-	-	-	1,465,969
Public safety	5,385	-	-	-	-	-
Road and bridge	-	-	-	-	-	-
Weeds	-	-	-	-	-	-
Health	-	334,537	-	-	-	-
Welfare	-	-	-	70,797	-	-
Junior college	-	-	-	-	145,213	-
Historical society and recreation	-	-	25,001	-	-	-
Capital outlay	-	-	-	-	-	3,662
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>5,385</u>	<u>334,537</u>	<u>25,001</u>	<u>70,797</u>	<u>145,213</u>	<u>1,469,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,031)</u>	<u>(908)</u>	<u>(66)</u>	<u>(44,844)</u>	<u>272,707</u>	<u>180,342</u>
Other financing sources (uses)						
Transfers in (out)	-	-	-	-	-	(21,878)
Net change in fund balance	(2,031)	(908)	(66)	(44,844)	272,707	158,464
Fund balances - beginning of year	30,661	52,543	5,034	429,535	1,117,291	422,849
Prior period adjustment (Note 16)	-	-	-	-	-	-
Fund balances - end of year	<u>\$ 28,630</u>	<u>\$ 51,635</u>	<u>\$ 4,968</u>	<u>\$ 384,691</u>	<u>\$ 1,389,998</u>	<u>\$ 581,313</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2022

	<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	1,263,327	152,448	160,950	-	-	-
Intergovernmental	13,900	1,692	1,794	250,000	4,801	14,801
Licenses and permits	-	-	-	-	59,274	32,523
Charges for services	-	-	39,701	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	-	1,002	279	137,997	-	-
Total revenues	<u>1,277,227</u>	<u>155,142</u>	<u>202,724</u>	<u>387,997</u>	<u>64,075</u>	<u>47,324</u>
Expenditures						
General governmental	1,270,035	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	-	-	-	174,346	-	-
Weeds	-	142,608	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Junior college	-	-	-	-	-	-
Historical society and recreation	-	-	201,475	-	41,647	30,773
Capital outlay	-	-	-	123,861	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>1,270,035</u>	<u>142,608</u>	<u>201,475</u>	<u>298,207</u>	<u>41,647</u>	<u>30,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,192</u>	<u>12,534</u>	<u>1,249</u>	<u>89,790</u>	<u>22,428</u>	<u>16,551</u>
Other financing sources (uses)						
Transfers in (out)	<u>-</u>	<u>(641)</u>	<u>(2,115)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	7,192	11,893	(866)	89,790	22,428	16,551
Fund balances - beginning of year	1,034,342	-	54,180	461,579	65,559	42,528
Prior period adjustment (Note 16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,026)</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 1,041,534</u>	<u>\$ 11,893</u>	<u>\$ 53,314</u>	<u>\$ 476,343</u>	<u>\$ 87,987</u>	<u>\$ 59,079</u>

BONNER COUNTY, IDAHO

Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2022**

	<u>Waterways</u>	<u>Special County Projects</u>	<u>Drainage District</u>	<u>Translator District</u>	<u>Total</u>
Revenues					
Taxes	-	-	3,600	34,025	5,724,337
Intergovernmental	-	-	-	-	1,454,916
Licenses and permits	162,014	-	-	-	253,811
Charges for services	-	-	-	-	1,884,968
Fines	-	-	-	-	149,683
Interest income	-	-	-	-	8,697
Miscellaneous	-	1,029	-	-	448,612
Total revenues	<u>162,014</u>	<u>1,029</u>	<u>3,600</u>	<u>34,025</u>	<u>9,925,024</u>
Expenditures					
General governmental	-	-	2,316	-	3,465,893
Public safety	-	-	-	-	3,683,697
Road and bridge	-	-	-	-	174,346
Weeds	-	-	-	-	142,608
Health	-	-	-	-	334,537
Welfare	-	-	-	-	70,797
Junior college	-	-	-	-	145,213
Historical society and recreation	193,521	-	-	34,193	853,431
Capital outlay	669	-	-	-	921,914
Debt service:					
Principal	-	-	-	-	10,881
Interest	-	-	-	-	38
Total expenditures	<u>194,190</u>	<u>-</u>	<u>2,316</u>	<u>34,193</u>	<u>9,803,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,176)</u>	<u>1,029</u>	<u>1,284</u>	<u>(168)</u>	<u>121,669</u>
Other financing sources (uses)					
Transfers in (out)	<u>(1,688)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,492</u>
Net change in fund balance	<u>(33,864)</u>	<u>1,029</u>	<u>1,284</u>	<u>(168)</u>	<u>420,161</u>
Fund balances - beginning of year	73,792	106,245	22,253	1,170	7,691,371
Prior period adjustment (Note 16)	-	-	-	-	(75,026)
Fund balances - end of year	<u>\$ 39,928</u>	<u>\$ 107,274</u>	<u>\$ 23,537</u>	<u>\$ 1,002</u>	<u>\$ 8,036,506</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, 2022

	Budgeted Revenue	Actual Revenue	Budgeted Expenditures	Actual Expenditures	Other Financing Sources and Uses	Beginning Fund Balance	Prior Period Adjustment	Ending Fund Balance
Airport	231,358	253,349	1,220,081	913,949	(2,504)	1,463,023	-	799,919
Elections	470,465	135,257	470,465	411,522	356,041	491,036	-	570,812
Drug Court	22,000	31,653	22,000	19,887	-	60,111	-	71,877
District Court	2,309,093	2,560,998	2,441,821	2,123,000	(28,723)	111,770	-	521,045
County Fair	388,333	388,774	388,333	326,821	-	97,971	-	159,924
911	2,217,402	1,751,182	2,306,252	1,742,168	-	1,408,486	-	1,417,500
Court Facilities	13,000	12,890	13,000	-	-	139,413	-	152,303
Court Interlock Device	5,400	3,354	5,400	5,385	-	30,661	-	28,630
Health District	334,537	333,629	334,537	334,537	-	52,543	-	51,635
Historical Society	25,000	24,935	25,000	25,001	-	5,034	-	4,968
Indigent and Charity	72,140	25,953	192,068	70,797	-	429,535	-	384,691
Junior College	290,000	417,920	290,000	145,213	-	1,117,291	-	1,389,998
Revaluation	1,580,956	1,649,973	1,580,956	1,469,631	(21,878)	422,849	-	581,313
Tort	1,273,346	1,277,227	1,588,346	1,270,035	-	1,034,342	-	1,041,534
Weeds	156,753	155,142	156,753	142,608	(641)	-	-	11,893
Parks and Recreation	188,140	202,724	188,140	201,475	(2,115)	54,180	-	53,314
Special Highway	370,000	387,997	370,000	298,207	-	461,579	(75,026)	476,343
Snowmobile - Priest Lake	36,306	64,075	52,007	41,647	-	65,559	-	87,987
Snowmobile - Sandpoint	20,887	47,324	41,602	30,773	-	42,528	-	59,079
Waterways	200,000	162,014	284,523	194,190	(1,688)	73,792	-	39,928
Special County Projects	-	1,029	-	-	-	106,245	-	107,274
Drainage District	-	3,600	-	2,316	-	22,253	-	23,537
Translator District	-	34,025	-	34,193	-	1,170	-	1,002
Total	<u>\$ 9,973,758</u>	<u>\$ 9,925,024</u>	<u>\$ 10,751,203</u>	<u>\$ 9,803,355</u>	<u>\$ 298,492</u>	<u>\$ 7,691,371</u>	<u>\$ (75,026)</u>	<u>\$ 8,036,506</u>

SINGLE AUDIT SECTION

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	202222N119947	4,169
National School Lunch Program	10.555	202222N119947	8,038
Total Child Nutrition Cluster			<u>12,207</u>
Passed through State Department of Lands:			
Cooperative Forestry Assistance			
Cooperative Forestry Assistance	10.664	17-DG-11010000-011	90,593
Cooperative Forestry Assistance	10.664	20-DG-11010000-021	175,617
Total Cooperative Forestry Assistance			<u>266,210</u>
Direct through the U.S. Department of Agriculture:			
Forest Service Schools and Roads Cluster			
Schools and Road - Grants to States	10.665	Not Applicable	430,383
School and Roads - Grants to Counties	10.666	Not Applicable	69,718
Total Forest Service Schools and Roads Cluster			<u>500,101</u>
Water and Waste Disposal Systems for Rural Communities			
New loans made, plus	10.760	Not Applicable	393,325
Beginning of period loan balance, plus	10.760	Not Applicable	-
Interest subsidies, cash, or admin cost allowance received	10.760	Not Applicable	-
Total Water and Waste Disposal Systems for Rural Communities			<u>393,325</u>
Passed through State Department of Lands:			
State & Private Forestry Hazardous Fuel Reduction Program	10.697	20-DG-11010000-016	<u>4,783</u>
Total U.S. Department of Agriculture			<u>1,176,626</u>
U.S. Department of the Interior			
Direct through U.S. Department of Interior:			
Payments in Lieu of Taxes	15.226	Not Applicable	<u>958,003</u>
Total U.S. Department of Interior			<u>958,003</u>
U.S. Department of Justice			
Passed through State Department of Health & Welfare:			
Crime Victim Assistance	16.575	2019-V2-GX-0066	<u>118,613</u>
Passed through Idaho State Police:			
Support for Adam Walsh Act Implementation Grant Program	16.750	2019-AW-BX-0007	19,917
NICS Act Record Improvement Program	16.813	2020-NS-BX-K017	13,562
Total passed through Idaho State Police			<u>33,479</u>
Direct through U.S. Department of Justice:			
Juvenile Justice and Delinquency Prevention	16.540	Not Applicable	<u>30,000</u>
Bullet Proof Vest Partnership Program	16.607	Not Applicable	<u>3,600</u>
Total U.S. Department of Justice			<u>185,692</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended September 30, 2022

	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Transportation			
Direct through U.S. Department of Transportation			
Airport Improvement Program			
2017 Sandpoint Land & Easement	20.106	Not Applicable	640
2019 Sandpoint Land & Easement	20.106	Not Applicable	19,021
2021 Sandpoint Land & Easement	20.106	Not Applicable	87,763
2022 Sandpoint Land & Easement	20.106	Not Applicable	868,731
PR Land Acquisition and OR	20.106	Not Applicable	7,726
PR Land Acquisition and OR	20.106	Not Applicable	-
PR Land Acquisition and OR	20.106	Not Applicable	102,017
PR Land Acquisition and OR	20.106	Not Applicable	60,828
Total Airport Improvement Plan			<u>1,146,726</u>
Total U.S. Department of Transportation			<u>1,146,726</u>
U.S. Department of the Treasury			
Passed through the Office of the Governor:			
COVID-19: Coronavirus Relief Fund	21.019	Not Available	1,519,970
Direct through U.S. Department of Treasury			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>1,706,300</u>
Total U.S. Department of the Treasury			<u>3,226,270</u>
Various Agencies - 2			
Passed through Idaho Secretary of State:			
HAVA Election Security Grants			
HAVA Election Security Grants	90.404	ID20101001-01	<u>5,609</u>
Total Various Agencies - 2			<u>\$ 5,609</u>
U.S. Department of Health & Human Services			
Passed through State Department of Health & Welfare:			
Family Violence Prevention	93.671	2102IDFVPS	<u>17,193</u>
Total U.S. Department of Health & Human Services			<u>17,193</u>
U.S. Department of Homeland Security			
Passed through State Department of Parks & Recreation:			
Boating Safety Financial Assistance	97.012	14.01.16	<u>88,905</u>
Passed through State Military Division:			
Homeland Security Grant Program			
2019 Homeland Security Grant Program	97.067	EMW2019SS00047	6,216
2020 Homeland Security Grant Program	97.067	EMW2020SS00070	38,655
2021 Homeland Security Grant Program	97.067	EMW2021SS00070	<u>15,680</u>
Total Homeland Security Grant Program			60,551
Emergency Management Performance Grants	97.042	EMS2020EP00010	<u>60,020</u>
Total U.S. Department of Homeland Security			<u>209,476</u>
Total Expenditures of Federal Awards			<u><u>6,925,595</u></u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022

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, 2022. 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 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, 2022 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 June 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bonner County, Idaho's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hayden Ross, PLLC

Moscow, Idaho
June 12, 2023



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

Opinion on Each Major Federal Program

We have audited Bonner County, Idaho's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bonner County, Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bonner County, Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bonner County, Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Bonner County, Idaho's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Bonner County, Idaho's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Bonner County, Idaho's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Bonner County, Idaho's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

June 12, 2023

BONNER COUNTY, IDAHO
Sandpoint, Idaho

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
- material weakness(es) identified?	<u> </u> yes	<u> x </u> no
- significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no

Federal Awards

Internal control over major programs:		
- material weakness(es) identified?	<u> </u> yes	<u> x </u> no
- significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> 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)	<u> x </u> yes	<u> </u> no

Identification of major programs:
Reporting Requirements and Communication Considerations

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<u> x </u> yes <u> </u> no

Section II - Financial Statement Findings

None.

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2022

Section III - Federal Award Findings and Questioned Costs

2022-001 - 2CFR200.318(a) General Procurement Standards

Criteria

The non-federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§200.317 through 200.327.

Condition

The County did not have a written federal procurement policy and procedures throughout the majority of FY2022. The County adopted a written policy, in agreement with 2CFR200.318(a), on August 9, 2022. As of September 30, 2022, the adopted policy had not been fully implemented.

Cause

The County was unable to internally reconcile disagreements in the language for inclusion in the federal procurement policy and procedures document, leading to a delay in the approval and implementation of a written procurement policy.

Effect

The County would be out of compliance with the required procurement activities for purchases.

Questioned Costs

There are no questioned costs related to finding 2022-001. This is a general finding, rather than a finding related to a specific program.

Perspective Information

The County began working on a draft version of the written procurement policy in FY2021. The process of researching federal procurement requirements and reconciling the final language took longer than expected. Upon the adoption of the policy on August 9, 2022, the County began the implementation process. Within the language of the adopted policy are provisions which shall be vetted and discussed prior to taking effect. Such policies are noted as taking effect no later than August 4, 2023. This finding represents a systematic problem (as opposed to an isolated event), which is actively being resolved.

Identification of Repeat Findings

This is not a repeat finding.

Recommendation

We recommend the County expedite the provisions subject to vetting and begin following the written federal procurement policy and procedures.

Views of Responsible Officials

We agree with the audit finding and are taking corrective action to fully implement the policy on or before August 4, 2023. The county has officially formed an audit committee composed of the nine elected officials. The audit committee will review the federal procurement policy to ensure complete implementation.