



LE MASTER &
DANIELS PLLC

BONNER COUNTY, IDAHO
SANDPOINT, IDAHO

**General-Purpose Financial Statements and
Independent Auditors' Reports**

September 30, 2002

Bonner County, Idaho

Sandpoint, Idaho

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Bonner County, Idaho
Sandpoint, Idaho

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LE MASTER &
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SPOKANE
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OTHELLO

QUINCY
TRI-CITIES
WALLA WALLA
WENATCHEE
YAKIMA

ACCOUNTING

INDEPENDENT AUDITORS' REPORT

AND

CONSULTING

SERVICES

Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho

MEMBER OF

THE

McGLADREY

NETWORK

We have audited the accompanying general-purpose financial statements of Bonner County, Idaho (the County) as of and for the year ended September 30, 2002, as listed in the contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

We were unable to obtain the audited financial statements supporting the financial activities of the Pension Trust Fund, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Those financial activities are included in the Trust and Agency Funds and represent 62% and 100% of the assets and revenues, respectively, of the Agency and Trust Funds.

The general-purpose financial statements referred to above do not include the general fixed assets account group, which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain the audited financial statements of the Pension Trust Fund, and except for the effects on the financial statements of the omission described in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Bonner County, Idaho, as of September 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2002, on our consideration of the County's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements listed as supplemental information in the contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the County. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, except for the effects on the Trust and Agency Funds of including unaudited information for the Pension Trust Fund as discussed above, and except that the omission of the general fixed assets account group results in an incomplete presentation, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

LeMaster & Daniels PLLC

Spokane, Washington
November 27, 2002

Bonner County, Idaho

Sandpoint, Idaho

Combined Balance Sheet — All Fund Types and Account Groups

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Cash and cash equivalents	\$ 2,236,071	\$ 9,941,372	\$ 479,206	\$ 1,166,028
Investments	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Taxes	65,547	986,008	-	2,053
Fees	-	-	-	-
Interest	24,734	132	-	-
Accounts	72,527	112,870	-	-
Special assessments	-	-	1,360,285	-
Due from other governments	-	84,335	-	-
Due from other funds	-	19,005	-	-
Prepaid expenses	1,635	827	-	-
Restricted assets:				
Cash	-	-	62,743	-
Cash on deposit with fiscal agent	-	-	-	-
Fixed assets, net of depreciation, where applicable	-	-	-	-
Other debits:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets and other debits	<u>\$ 2,400,514</u>	<u>\$ 11,144,549</u>	<u>\$ 1,902,234</u>	<u>\$ 1,168,081</u>
Liabilities and Fund Equity				
LIABILITIES:				
Warrants payable	\$ 129,728	\$ 1,278,871	\$ 711	\$ 6,883
Accounts payable	-	-	-	-
Vouchers payable	-	23,869	-	-
Due to other taxing districts	-	-	-	-
Accrued payroll	62,023	343,020	-	-
Accrued retirement payable	5,439	29,506	-	-
Due to other funds	-	18,000	-	-
Deferred revenue	381,247	1,012,777	1,358,825	2,015
Deferred compensation payable	-	-	-	-
Special assessment debt	-	-	-	-
Leases payable	-	-	-	-
Compensated absences payable	52,529	276,979	-	-
Total liabilities	<u>630,966</u>	<u>2,983,022</u>	<u>1,359,536</u>	<u>8,898</u>
FUND EQUITY:				
Retained earnings:				
Reserved for:				
Debt retirement	-	-	-	-
Capital improvements	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved for debt service	-	-	542,698	-
Reserved for employees' pension benefits	-	-	-	-
Unreserved	1,769,548	8,161,527	-	1,159,183
Total fund equity	<u>1,769,548</u>	<u>8,161,527</u>	<u>542,698</u>	<u>1,159,183</u>
Total liabilities and fund equity	<u>\$ 2,400,514</u>	<u>\$ 11,144,549</u>	<u>\$ 1,902,234</u>	<u>\$ 1,168,081</u>

See accompanying notes to general-purpose financial statements.

September 30, 2002

Proprietary Fund Type	Fiduciary Fund Types	Account Group	Totals (Memorandum Only)
Enterprise Fund Type	Trust and Agency	General Long-Term Debt	
\$ 3,287,321	\$ 1,013,222	\$ -	\$ 18,123,220
-	4,419,296	-	4,419,296
-	1,698,454	-	2,752,062
155,881	-	-	155,881
-	-	-	24,866
108,905	-	-	294,302
-	-	-	1,360,285
-	-	-	84,335
-	18,000	-	37,005
-	-	-	2,462
664,313	-	-	727,056
664	-	-	664
1,539,159	-	-	1,539,159
-	-	542,698	542,698
-	-	2,479,067	2,479,067
<u>\$ 5,756,243</u>	<u>\$ 7,148,972</u>	<u>\$ 3,021,765</u>	<u>\$ 32,542,358</u>
\$ 430,665	\$ 38,022	\$ -	\$ 1,884,880
-	398,444	-	398,444
-	-	-	23,869
-	1,964,939	-	1,964,939
18,154	-	-	423,197
1,570	-	-	36,515
-	19,005	-	37,005
-	-	-	2,754,864
-	309,266	-	309,266
-	-	1,625,000	1,625,000
-	-	1,308,316	1,308,316
15,924	-	88,449	433,881
<u>466,313</u>	<u>2,729,676</u>	<u>3,021,765</u>	<u>11,200,176</u>
664	-	-	664
664,313	-	-	664,313
4,624,953	-	-	4,624,953
-	-	-	542,698
-	4,419,296	-	4,419,296
-	-	-	11,090,258
<u>5,289,930</u>	<u>4,419,296</u>	<u>-</u>	<u>21,342,182</u>
<u>\$ 5,756,243</u>	<u>\$ 7,148,972</u>	<u>\$ 3,021,765</u>	<u>\$ 32,542,358</u>

P. 10 Description
and fund

Bonner County, Idaho
Sandpoint, Idaho

**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances — All
Governmental Fund Types**

Year Ended September 30, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
REVENUES:					
Taxes	\$ 748,568	\$ 11,622,565	\$ -	\$ -	\$ 12,371,133
Licenses and permits	210,546	307,146	-	-	517,692
Intergovernmental	202,094	5,759,744	-	-	5,961,838
Charges for services	387,144	791,576	-	-	1,178,720
Fines	-	156,818	-	-	156,818
Special assessments	-	-	337,125	2,003	339,128
Interest income	446,559	1,665	-	-	448,224
Miscellaneous	79,276	559,071	-	-	638,347
Total revenues	<u>2,074,187</u>	<u>19,198,585</u>	<u>337,125</u>	<u>2,003</u>	<u>21,611,901</u>
EXPENDITURES:					
Current:					
General government	2,684,541	2,749,898	-	-	5,434,439
Public safety	81,196	7,979,819	-	-	8,061,015
Highways and streets	-	6,688,898	-	-	6,688,898
Sanitation	-	125,241	-	-	125,241
Health	-	202,142	-	-	202,142
Welfare	-	349,774	-	-	349,774
Education	-	353,941	-	-	353,941
Culture and recreation	-	397,275	-	-	397,275
Capital outlay	-	-	-	22,388	22,388
Debt service:					
Principal	-	-	155,000	-	155,000
Interest and fiscal charges	-	-	131,018	-	131,018
Total expenditures	<u>2,765,737</u>	<u>18,846,988</u>	<u>286,018</u>	<u>22,388</u>	<u>21,921,131</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(691,550)	351,597	51,107	(20,385)	(309,230)
FUND BALANCES, BEGINNING OF YEAR	<u>2,461,098</u>	<u>7,809,930</u>	<u>491,591</u>	<u>1,179,568</u>	<u>11,942,187</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 1,769,548</u></u>	<u><u>\$ 8,161,527</u></u>	<u><u>\$ 542,698</u></u>	<u><u>\$ 1,159,183</u></u>	<u><u>\$ 11,632,957</u></u>

See accompanying notes to general-purpose financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual — All Governmental Fund Types

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ 725,989	\$ 748,568	\$ 22,579	\$ 11,663,304	\$ 11,622,565	\$ (40,739)
Licenses and permits	195,680	210,546	14,866	291,511	307,146	15,635
Intergovernmental	139,618	202,094	62,476	7,687,949	5,759,744	(1,928,205)
Charges for services	359,814	387,144	27,330	696,347	791,576	95,229
Fines	-	-	-	151,801	156,818	5,017
Special assessments	-	-	-	-	-	-
Interest income	618,750	446,559	(172,191)	-	1,665	1,665
Miscellaneous	38,688	79,276	40,588	293,770	559,071	265,301
Total revenues	<u>2,078,539</u>	<u>2,074,187</u>	<u>(4,352)</u>	<u>20,784,682</u>	<u>19,198,585</u>	<u>(1,586,097)</u>
EXPENDITURES:						
Current:						
General government	3,652,371	2,684,541	967,830	5,385,180	2,749,898	2,635,282
Public safety	86,429	81,196	5,233	8,871,979	7,979,819	892,160
Highways and streets	-	-	-	6,983,195	6,688,898	294,297
Sanitation	-	-	-	184,465	125,241	59,224
Health	-	-	-	202,142	202,142	-
Welfare	-	-	-	456,339	349,774	106,565
Education	-	-	-	360,000	353,941	6,059
Culture and recreation	-	-	-	677,026	397,275	279,751
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>3,738,800</u>	<u>2,765,737</u>	<u>973,063</u>	<u>23,120,326</u>	<u>18,846,988</u>	<u>4,273,338</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,660,261)	(691,550)	968,711	(2,335,644)	351,597	2,687,241
OTHER FINANCING SOURCES:						
Operating transfers in	-	-	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(1,660,261)	(691,550)	968,711	(2,335,644)	351,597	2,687,241
FUND BALANCES:						
BEGINNING OF YEAR	<u>1,660,261</u>	<u>2,461,098</u>	<u>800,837</u>	<u>2,335,644</u>	<u>7,809,930</u>	<u>5,474,286</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 1,769,548</u>	<u>\$ 1,769,548</u>	<u>\$ -</u>	<u>\$ 8,161,527</u>	<u>\$ 8,161,527</u>

See accompanying notes to general-purpose financial statements.

Year Ended September 30, 2002

Debt Service Funds			Capital Projects Funds		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
275,035	337,125	62,090	2,000	2,003	3
-	-	-	-	-	-
5,000	-	(5,000)	-	-	-
<u>280,035</u>	<u>337,125</u>	<u>57,090</u>	<u>2,000</u>	<u>2,003</u>	<u>3</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,878,000	22,388	1,855,612
155,000	155,000	-	-	-	-
241,096	131,018	110,078	-	-	-
<u>396,096</u>	<u>286,018</u>	<u>110,078</u>	<u>1,878,000</u>	<u>22,388</u>	<u>1,855,612</u>
(116,061)	51,107	167,168	(1,876,000)	(20,385)	1,855,615
<u>-</u>	<u>-</u>	<u>-</u>	<u>700,000</u>	<u>-</u>	<u>(700,000)</u>
(116,061)	51,107	167,168	(1,176,000)	(20,385)	1,155,615
<u>116,061</u>	<u>491,591</u>	<u>375,530</u>	<u>1,176,000</u>	<u>1,179,568</u>	<u>3,568</u>
<u>\$ -</u>	<u>\$ 542,698</u>	<u>\$ 542,698</u>	<u>\$ -</u>	<u>\$ 1,159,183</u>	<u>\$ 1,159,183</u>

Bonner County, Idaho
Sandpoint, Idaho

**Combined Statement of Revenues, Expenses,
and Changes in Retained Earnings — All
Proprietary Fund Types**

Year Ended September 30, 2002

Enterprise
Fund

OPERATING REVENUES:

Charges for services	\$ 2,650,446
Penalties and interest	27,638
Miscellaneous	92,979
Total operating revenues	<u>2,771,063</u>

OPERATING EXPENSES:

Salaries	\$ 372,953	
Benefits	127,204	
Other services and charges	2,050,064	
Depreciation	<u>157,917</u>	
Total operating expenses		<u>2,708,138</u>

INCOME FROM OPERATIONS

62,925

RETAINED EARNINGS, BEGINNING OF YEAR

5,227,005

RETAINED EARNINGS, END OF YEAR

\$ 5,289,930

See accompanying notes to general-purpose financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Combined Statement of Cash Flows — All Proprietary Fund Types

Enterprise
Fund

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 2,653,733
Cash payments to suppliers for goods and services	(2,036,824)
Cash payments to employees for services	(522,167)
Penalties and interest	27,638
Miscellaneous	92,979
Net cash provided by operating activities	<u>215,359</u>

***CASH FLOWS FROM CAPITAL FINANCING AND RELATED
FINANCING ACTIVITIES:***

Acquisition of fixed assets	<u>(228,816)</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS (13,457)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 3,965,755

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 3,952,298

CASH AND CASH EQUIVALENTS:

Cash	\$ 3,287,321
Restricted assets:	
Cash	664,313
Cash on deposit with fiscal agent	<u>664</u>
	<u><u>\$ 3,952,298</u></u>

See accompanying notes to general-purpose financial statements.

Year Ended September 30, 2002

Enterprise
Fund

***Reconciliation of Income from Operations to Net Cash
Provided by Operating Activities:***

Income from operations		\$ 62,925
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	\$ 157,917	
Changes in assets and liabilities:		
Increase (decrease) in receivables:		
Fees	5,692	
Accounts	(2,405)	
Increase in warrants payable	42,644	
Decrease in accounts payable	(29,404)	
Decrease in accrued payroll	(22,230)	
Decrease in retirement payable	(1,680)	
Increase in compensated absences payable	<u>1,900</u>	
Total adjustments		<u>152,434</u>
Net cash provided by operating activities		<u><u>\$ 215,359</u></u>

Bonner County, Idaho
Sandpoint, Idaho

Statement of Changes in Plan Net Assets —
Pension Trust Fund (Unaudited)

Year Ended September 30, 2002

ADDITIONS:

Employer contributions	\$ 662,911
Employee contributions	337,742
Investment income:	
Net depreciation in fair value of investments	(724,131) ✓
Total additions	<u>276,522</u>

DEDUCTIONS:

Benefits	<u>276,091</u>
----------	----------------

NET INCREASE

431

NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:

Beginning of year	<u>4,418,865</u>
End of year	<u><u>\$4,419,296</u></u>

See accompanying notes to general-purpose financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Bonner County, Idaho (the County) 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 County'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. The County provides the following services: public safety (police), highways and streets, sanitation, health and social services, welfare, culture and recreation, public improvements, planning and zoning, and general administrative services.

For financial reporting purposes, management has considered all potential component units which are controlled 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 this criteria, there were no component units included in the County's report.

Basis of Accounting – The accounts of the County are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The County has the following fund types and account groups:

Governmental Funds – are used to account for the County's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, franchise taxes, licenses, interest, and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Accounting (continued)

Governmental funds include these fund types:

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

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts of major capital projects).

The *Debt Service Funds* account for the servicing of general long-term debt not being financed by proprietary funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Proprietary Funds – are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The County has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, in accounting and reporting for its proprietary operations. Proprietary funds include the following fund type:

The *Enterprise Fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Fiduciary Funds – account for assets held by the County in a trustee capacity or as an agent on behalf of others.

The *Agency Fund* is custodial in nature and does not present results of operation or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the County holds for others in an agency capacity.

The *Pension Trust Funds* use the economic resources measurement focus in essentially the same manner as proprietary funds.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Accounting (continued)

Account Group – The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

Summary of Significant Accounting Policies

Deposits and Investments – The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

Idaho Code, Title 67, Chapter 12, provides authorization for the investment of funds as well as specific direction as to what constitutes an allowable investment. County policy is consistent with the State Code.

The Code limits investments to:

1. Certain revenue bonds, general obligation bonds, local improvement district bonds, and registered warrants of state and local governmental entities.
2. Time deposit accounts, tax anticipation, and interest-bearing notes.
3. Bonds, treasury bills, debentures, or other similar obligations of the United States Government and the Farm Credit System (the Farm investment matured during FYE 2002).
4. Repurchase agreements.

Receivables and Payables – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Receivables are recorded at gross. The allowance for uncollectible accounts is zero at September 30, 2002.

Property taxes are an enforceable lien on property. The County property taxes are levied on or before the third Monday of the preceding September and billed to taxpayers in November. The taxes are due in two installments. One-half of the personal property taxes and the real property taxes are due on or before December 20. The remaining one-half of the real property taxes is due on or before June 20 of the following year. The County bills and collects its own property taxes and also collects taxes for all other taxing districts within its boundaries. County property tax revenues are recognized when entered on the tax rolls to the extent that they result in receivables.

Restricted Assets – Certain proceeds and resources are set aside and classified as restricted assets on the balance sheet because their use is limited by County resolution. In the Solid Waste Enterprise fund, resources have been set aside for future certificate retirement and capital improvements. The County does not maintain a solid waste landfill. All waste hauling is contracted out and the County has no liability for disposal or landfill costs.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued)

Fixed Assets – Bonner County does not maintain a general fixed assets account group.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives is not capitalized in the proprietary funds.

Property, plant, and equipment in the proprietary funds of the County are recorded at cost. Property, plant, and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks, and other assets that are immovable and of value only to the County) are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	12-20
Equipment	5-20

Compensated Absences – It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

Long-Term Obligations – The County reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Fund Equity – Reserves represent those portions of fund equity appropriate for expenditure or legally segregated for a specific future use.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Total Columns on Combined Balance Sheet and Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Total columns are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with GAAP. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregate of this data.

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Information

All County department heads are required to submit their annual budget requests to the County Auditor. The County Auditor is the Budget Officer, and as such Budget Officer, it is his/her duty to compile and prepare a preliminary budget for consideration by the County Commissioners. The budget is prepared by fund, department, and object. On or before the first Monday in August, the County Budget Officer submits the proposed budget to the County Commissioners for review and approval. When the tentative budget has been approved, it must be published no later than the third week of August. On or before Tuesday following the first Monday of September each year, the Board of Commissioners shall meet and hold a public budget hearing at which time any taxpayer may appear and be heard upon any part or parts of said tentative budget. Such hearing may be continued from day to day until concluded, but not to exceed a total of five days.

Upon the conclusion of such hearing, the County Commissioners shall fix and determine the amount of the appropriated budget for each department of the County, separately, which in no event shall be greater than the amount of the overall tentative budget and by resolution the County commissioners shall adopt the appropriated budget as a part of the official minutes of the Board.

During the fiscal year only the Board of County Commissioners may amend the annual appropriated budget by resolution, through the courts or by the budget hearing process. The appropriated budget can be increased by expending unanticipated revenues or utilization of reserves.

The County is required by State law to adopt annual appropriated budgets for the general and special revenue funds. All appropriated budgets for governmental funds are adopted on a basis consistent with GAAP. Budgets for enterprise funds are adopted on a non-GAAP basis. Budgeted amounts are as amended during the fiscal year ended September 30, 2002.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued):

Budgetary Information (continued)

All appropriations, other than appropriations for incomplete improvements in process of construction, lapse at the end of the fiscal year. Appropriation accounts may remain open until the first Monday in November for payment of claims incurred against such appropriations prior to the close of the fiscal year. After the first Monday in November, the appropriations become null and void and any lawful claims presented thereafter against any subsequent appropriation will be provided for in the ensuing budget.

Encumbrance accounting is not employed at Bonner County.

Excess of Expenditures over Appropriations

For the year ended September 30, 2002, there were no funds for which expenditures exceeded appropriations.

Deficit Fund Equity

For the year ended September 30, 2002, there were no funds with a material deficit fund balance.

NOTE 3 — DEPOSITS AND INVESTMENTS:

At the year end, the County's deposits were accounted for in the Treasurer's checking account. This account included a demand deposit account with a financial institution and a repurchase agreement. The carrying amount of the deposit account was \$ -0-. The repurchase agreement is considered an investment and is included in the investment information immediately following.

All of the deposits are covered by federal depository insurance or directly collateralized by bank investments or assets. Overnight funds are short-term investments with a financial institution.

Investments are reported at fair value and are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the County or its agent in the County's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the County's name.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 3 — DEPOSITS AND INVESTMENTS (continued):

At year end, the County's investment balances were:

	Categories			Total
	1	2	3	
Repurchase agreement	\$ -	\$ -	\$ 5,632,475	\$ 5,632,475
Certificates of deposit	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 5,632,475</u>	<u>6,032,475</u>
Investments not subject to categorization:				
Deferred compensation funds				309,266
Pension trust mutual funds				4,419,296
Investment in State Local Government pool				<u>12,502,124</u>
Total investments				<u>\$23,263,161</u>

A reconciliation of cash and investments as shown on the combined balance sheet for the County follows:

Cash on hand	\$ 7,075
Carrying amount of deposits	-
Carrying amount of investments	<u>23,263,161</u>
	<u>\$23,270,236</u>
Cash and cash equivalents	\$18,123,220
Investments	4,419,296
Cash and cash equivalents, restricted	<u>727,720</u>
	<u>\$23,270,236</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 4 — DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units include \$51,975 due from the federal government in connection with grants and law enforcement services; \$28,420 due from the state of Idaho in connection with grants, registration fees, and refunds; and \$3,940 due from counties and cities.

NOTE 5 — FIXED ASSETS:

Since the County does not maintain a record of its general fixed assets on a cost basis, a summary of changes is not shown.

A summary of proprietary fund type fixed assets at September 30, 2002, is:

Land	\$ 57,500
Buildings	867,479
Improvements other than buildings	514,039
Equipment	895,924
Less accumulated depreciation	<u>(795,783)</u>
Net fixed assets	<u>\$ 1,539,159</u>

NOTE 6 — INTERFUND RECEIVABLE AND PAYABLE:

The composition of interfund balances as of September 30, 2002, is:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Parks and Recreation	Trust	\$19,005
Trust	911 Fund	<u>18,000</u>
		<u>\$37,005</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 7 — LEASES:

Operating Leases

On December 1, 1994, the County entered into an agreement to lease a building for office space. Total payments made for the year ended September 30, 2002, were \$15,600.

On July 13, 2000, the County entered into an agreement to lease a portion of a building for office space. Total payments made for the year ended September 30, 2002, were \$43,129.

On September 10, 2002, the County entered into an agreement to lease a portion of a building for office space. Total payments made for the year ended September 30, 2002, were \$1,450.

Future minimum annual lease payments at September 30, 2002, are:

<u>Years Ending</u> <u>September 30,</u>	<u>Amount</u>
2003	\$ 79,143
2004	49,443

Capital Leases

The County has entered into various leases to purchase equipment. These lease agreements qualify as capital leases for accounting purposes and would be recorded in the general fixed assets account group if the County maintained one. The cost of the leased assets is \$1,805,546. The leases are collateralized by the assets.

Future minimum annual lease payments at September 30, 2002, are:

<u>Years Ending</u> <u>September 30,</u>	<u>Road &</u> <u>Bridge</u>	<u>Justice</u>	<u>Total</u>
2003	\$ 200,601	\$ 20,490	\$ 221,091
2004	200,601	20,490	221,091
2005	777,022	13,173	790,195
2006	174,100	-	174,100
2007	105,000	-	105,000
Total minimum lease payments	1,457,324	54,153	1,511,477
Less imputed interest	129,944	3,613	133,557
Capital lease obligations	\$ 1,327,380	\$ 50,540	\$ 1,377,920

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 8 — LONG-TERM DEBT:

Certificates of Participation

Certificates of participation were issued by Bonner County in June 1994 to pay for a portion of the costs of the solid waste collection and disposal system. Payments were due in annual installments of \$70,300 to \$125,000 through February 1, 2004, plus interest from 4.25% to 6.2%. Certificates of participation were paid in full during the year ended September 30, 2001.

Changes in General Long-Term Liabilities

During the year ended September 30, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance, October 1, 2001	Additions	Reductions	Balance, September 30, 2002
Compensated absences	\$ 97,371	\$ -	\$ 8,922	\$ 88,449
Leases payable	1,180,143	241,236	113,063	1,308,316
Special assessment bonds	1,780,000	-	155,000	1,625,000
	<u>\$3,057,514</u>	<u>\$ 241,236</u>	<u>\$ 276,985</u>	<u>\$3,021,765</u>

The annual debt service requirements to amortize the note payable to the bank for redemption of special assessment bonds as of September 30, 2002, are:

Years Ending September 30,	Special Assessment Bonds	
	93-1	96-1
2003	\$ 155,000	\$ 15,000
2004	165,000	15,000
2005	175,000	15,000
2006	185,000	15,000
2007	195,000	15,000
Thereafter	<u>665,000</u>	<u>10,000</u>
	<u>\$1,540,000</u>	<u>\$ 85,000</u>

The holders of any Special Assessment Bonds have no claims against the County under Idaho Code.

Bonner County, Idaho
Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 9 — RESERVED RETAINED EARNINGS AND RESTRICTED ASSET ACCOUNTS:

Resolutions of the County require certain reservations of the Solid Waste Fund's retained earnings:

Reserved for debt retirement	\$ 664
Reserved for capital improvements	<u>664,313</u>
Total reserved retained earnings	<u>\$664,977</u>

The balances of the Solid Waste Fund's restricted asset accounts are as follows:

Debt retirement	\$ 664
Capital improvements	<u>664,313</u>
Total restricted assets	<u>\$664,977</u>

NOTE 10 — FUND TRANSFERS:

Individual fund transfers in and out balances at September 30, 2002, were:

	<u>Transfers Out</u>	<u>Transfers In</u>
Road and Bridge	\$ 2,471	\$ -
District Court	5,249	-
Parks and Recreation	-	6,186
Justice	-	63,949
Snowmobile — Priest Lake	6,186	-
Waterways	-	60,834
Grants	<u>117,063</u>	<u>-</u>
	<u>\$ 130,969</u>	<u>\$ 130,969</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 11 — SEGMENT INFORMATION — ENTERPRISE FUNDS:

The County maintains one enterprise fund, the Solid Waste Fund, which accounts for the landfill operations. Selected segment information for the year ended September 30, 2002, is as follows:

	<u>Solid Waste</u>
Fixed asset additions	\$ 92,083
Fixed asset deletions	-
Net working capital	3,101,719

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

Bonner County is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Local Improvement District

On February 26, 1993, and later amended on June 29, 1994, the County created Local Improvement District No. 93-1 (LID No. 93-1). LID No. 93-1 was used for the acquisition, construction, and installation of paved streets and all necessary appurtenances thereto.

On February 13, 1995, the Board of County Commissioners adopted by ordinance the assessment roll for LID No. 93-1 in the amount of \$2,636,103. LID No. 93-1 assessments are due from property owners within the local improvement district and are receivable annually over 15 years.

On March 20, 1995, the Board of County Commissioners adopted by ordinance approval for the issuance and sale of Local Improvement District No. 93-1 bonds in the aggregate principal amount of \$2,420,654. Such bonds mature serially beginning April 30, 1996, and annually on each year thereafter until April 30, 2010. Receipt of annual assessment installments in February is used for paying annual maturity of said bonds.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 12 — CONTINGENT LIABILITIES AND COMMITMENTS (continued):

Local Improvement District (continued)

On September 13, 1996, the County created Local Improvement District No. 96-1 (LID No. 96-1). LID No. 96-1 was used for the acquisition, construction, and installation of pavement improvements to Lower Pack River Road. On October 14, 1997, the Board of County Commissioners adopted by ordinance the assessment roll for LID No. 96-1 in the amount of \$136,626. LID No. 96-1 assessments are due from property owners within the local improvement district and are receivable annually over ten years.

On December 4, 1997, the Board of County Commissioners adopted by ordinance approval for the issuance and sale of LID No. 96-1 bonds in the aggregate principal amount of \$120,862. Such bonds mature serially beginning November 15, 1999, and annually each year thereafter until November 2007. Receipt of annual assessment installments in October is used for paying annual maturity of said bonds.

NOTE 13 — DEFERRED COMPENSATION PLAN:

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

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

It is the opinion of management that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 14 — DEFINED CONTRIBUTION PENSION PLAN:

On February 20, 2000, the County converted the Bonner County Retirement Plan from a defined benefit plan to a defined contribution plan.

The Bonner County Retirement Plan is a defined contribution plan established by Bonner County to provide benefits at retirement to all employees of Bonner County.

Bonner County, Idaho

Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 14 — DEFINED CONTRIBUTION PENSION PLAN (continued):

All Bonner County eligible employees participate in the Bonner County Retirement Plan established by the County Commissioners. The Plan is a single-employer defined contribution plan requiring employer contributions. Plan provisions and contribution requirements are established and may be amended by the Bonner County Commissioners. The plan year is July 1 through June 30.

All employees scheduled to work at least 1,200 hours per year will be immediately eligible. All County employees are eligible the first payroll after date of hire. Entry dates to the plan are the first payroll after the hire date.

Required employer contributions are made each payroll by the County and are based on 9.17% of the participant's compensation. The employee is required to make contributions to the plan. Required employee contributions are 2½% of the employee's salary, effective February 20, 2000, increasing to 3½% on October 1, 2000, and increasing 1% each year thereafter, to a maximum salary deferral of 7½% in 2004.

Employee contributions are fully vested. Employer contributions are not vested until five years of service has been completed, and then the employer contributions are 100% vested. Employees hired on or after September 30, 2001, are not vested until ten years of service has been completed.

Employees may retire at age 60 and the completion of the required years of service based upon hiring date. Employees may elect early retirement at age 55 or the completion of five years of service.

For the Plan's fiscal year ended June 30, 2002, the employer and employees contributed \$662,911 and \$337,742, respectively.

NOTE 15 — RISK MANAGEMENT:

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

NOTE 16 — CONDUIT DEBT OBLIGATIONS:

During the fiscal year ended September 30, 2002, the County issued Industrial Revenue Bonds to provide financial assistance to a private sector entity for the acquisition and construction of an industrial development facility deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private sector entity served by the bond issuance. Neither the County, State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2002, there were three series of Industrial Revenue Bonds outstanding. The aggregate principal of their original issue amounts total \$6,150,000.

Bonner County, Idaho
Sandpoint, Idaho

Notes to General-Purpose Financial Statements

NOTE 17 — NEW REPORTING STANDARD:

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". This statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The County is required to implement this standard for the fiscal year ending September 30, 2003. The County has not yet determined the full impact that adoption of GASB Statement No. 34 will have on the financial statements.

SUPPLEMENTAL INFORMATION

Bonner County, Idaho

Sandpoint, Idaho

Statement of Revenues —

Budget and Actual — General Fund

Year Ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Taxes:			
Current	\$ 711,915	\$ 723,113	\$ 11,198
Penalties and interest	8,000	19,270	11,270
REA tax	6,074	6,185	111
Total taxes	<u>725,989</u>	<u>748,568</u>	<u>22,579</u>
Licenses and permits:			
Motor vehicle licenses	153,325	156,825	3,500
Trailer house licenses	2,755	2,842	87
Recreation vehicle licenses	5,200	5,320	120
Boat licenses	5,300	5,997	697
Pawnbroker licenses	60	60	-
Auctioneer licenses	40	70	30
Conditional use permit	14,000	5,297	(8,703)
Building licenses and permits	15,000	34,135	19,135
Total licenses and permits	<u>195,680</u>	<u>210,546</u>	<u>14,866</u>
Intergovernmental:			
Inventory phase-out	112,291	119,524	7,233
Category 58 replacement revenue	22,827	24,197	1,370
Inheritance tax	-	55,373	55,373
Extension office	4,500	3,000	(1,500)
Total intergovernmental	<u>139,618</u>	<u>202,094</u>	<u>62,476</u>
Charges for services:			
Vehicle inspection fees	9,500	9,193	(307)
Recorder's fees	143,900	216,317	72,417
Planning fees	67,614	68,543	929
Treasurer fees	112,500	62,374	(50,126)
Assessor's fees	8,900	9,729	829
Title company billings and access fees	17,400	20,988	3,588
Total charges for services	<u>359,814</u>	<u>387,144</u>	<u>27,330</u>
Miscellaneous:			
Elections	12,000	10,259	(1,741)
Refunds and reimbursements	11,188	48,504	37,316
Miscellaneous	3,650	6,849	3,199
Postage	2,550	2,041	(509)
Copies	9,300	11,623	2,323
Total miscellaneous	<u>38,688</u>	<u>79,276</u>	<u>40,588</u>
Interest:			
Interest income	<u>618,750</u>	<u>446,559</u>	<u>(172,191)</u>
 Total general fund revenues	<u>\$ 2,078,539</u>	<u>\$ 2,074,187</u>	<u>\$ (4,352) OK</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Expenditures — Budget and Actual — General Fund

Year Ended September 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Clerk – Auditor:			
General government:			
Salaries	\$ 251,714	\$ 217,329	\$ 34,385
Other services and charges	67,734	85,503	(17,769)
Capital outlay	55,000	3,638	51,362
Total general government	<u>374,448</u>	<u>306,470</u>	<u>67,978</u>
Treasurer:			
General government:			
Salaries	152,456	142,104	10,352
Other services and charges	63,475	59,634	3,841
Capital outlay	10,000	9,838	162
Total general government	<u>225,931</u>	<u>211,576</u>	<u>14,355</u>
Emergency management:			
Public safety:			
Salaries	15,744	15,119	625
Other services and charges	3,575	3,050	525
Capital outlay	3,800	3,756	44
Total public safety	<u>23,119</u>	<u>21,925</u>	<u>1,194</u>
Commissioners:			
General government:			
Salaries	172,446	167,575	4,871
Other services and charges	13,600	10,549	3,051
Capital outlay	1,800	184	1,616
Total general government	<u>187,846</u>	<u>178,308</u>	<u>9,538</u>
Coroner:			
Public safety:			
Salaries	15,960	14,696	1,264
Other services and charges	47,350	44,575	2,775
Total public safety	<u>63,310</u>	<u>59,271</u>	<u>4,039</u>
Buildings and grounds:			
General government:			
Salaries	93,560	93,517	43
Other services and charges	59,706	48,862	10,844
Capital outlay	10,000	4,606	5,394
Total general government	<u>163,266</u>	<u>146,985</u>	<u>16,281</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Statement of Expenditures — Budget and
Actual — General Fund (Continued)**

Year Ended September 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
General:			
General government:			
Salaries	\$ 85,480	\$ 79,304	\$ 6,176
Benefits	462,268	382,508	79,760
Other services and charges	1,238,629	583,020	655,609
Capital outlay	50,000	20,614	29,386
Total general government	<u>1,836,377</u>	<u>1,065,446</u>	<u>770,931</u>
Extension office:			
General government:			
Salaries	69,168	67,971	1,197
Other services and charges	44,925	44,264	661
Capital outlay	13,955	13,873	82
Total general government	<u>128,048</u>	<u>126,108</u>	<u>1,940</u>
Data processing:			
General government:			
Salaries	35,374	33,336	2,038
Other services and charges	76,095	61,688	14,407
Capital outlay	25,076	2,101	22,975
Total general government	<u>136,545</u>	<u>97,125</u>	<u>39,420</u>
Assessor — motor vehicle:			
General government:			
Salaries	177,796	157,539	20,257
Other services and charges	15,390	12,725	2,665
Capital outlay	1,000	1,138	(138)
Total general government	<u>194,186</u>	<u>171,402</u>	<u>22,784</u>
Planning:			
General government:			
Salaries	191,510	179,730	11,780
Other services and charges	51,800	53,353	(1,553)
Capital outlay	3,200	1,592	1,608
Total general government	<u>246,510</u>	<u>234,675</u>	<u>11,835</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Expenditures — Budget and
Actual — General Fund (Continued)

Year Ended September 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Information services:			
General government			
Salaries	\$ 86,307	\$ 77,244	\$ 9,063
Other services and charges	17,055	17,179	(124)
Capital outlay	14,900	14,502	398
Total general government	<u>118,262</u>	<u>108,925</u>	<u>9,337</u>
Personnel:			
General government			
Salaries	32,352	28,925	3,427
Other services and charges	8,600	8,596	4
	<u>40,952</u>	<u>37,521</u>	<u>3,431</u>
Total general fund:			
General government	3,652,371	2,684,541	967,830
Public safety	86,429	81,196	5,233
Total general fund	<u>\$ 3,738,800</u>	<u>\$ 2,765,737</u>	<u>\$ 973,063</u>

1,946,126

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet — Special Revenue Funds

	Road and Bridge	Airport	Junior College	Revaluation	Historical Society	District Court	Special Highway	County Fair	911	Indigent and Charity	Justice
Assets											
Cash and cash equivalents	\$ 1,903,030	\$ 227,721	\$ 260,071	\$ 418,165	\$ 17,951	\$ 537,052	\$ 380,921	\$ 41,173	\$ 93,205	\$ 493,728	\$ 4,213,646
Receivables, net of allowance for uncollectibles:											
Taxes	316,023	2,340	5,004	64,358	1,317	42,225	-	5,722	-	4,863	455,782
Accounts	4,629	10,499	-	1,460	-	25,674	-	-	23,140	5,599	36,821
Interest	-	-	-	-	-	-	-	-	49	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	74,927
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	827
Total assets	\$ 2,223,682	\$ 240,560	\$ 265,075	\$ 483,983	\$ 19,268	\$ 604,951	\$ 380,921	\$ 46,895	\$ 116,394	\$ 504,190	\$ 4,782,003
Liabilities and Fund Balances											
LIABILITIES:											
Warrants payable	\$ 649,031	\$ 186	\$ 172,654	\$ 15,111	\$ -	\$ 40,909	\$ 33,790	\$ 1,444	\$ 2,592	\$ 26,344	\$ 254,393
Vouchers payable	7,210	3,194	6,890	-	-	-	-	-	-	6,575	-
Accrued payroll	63,064	-	-	26,055	-	25,441	753	3,042	-	5,535	212,792
Accrued retirement payable	6,372	-	-	2,075	-	2,097	-	(41)	-	633	17,800
Due to other funds	-	-	-	-	-	-	-	-	18,000	-	-
Deferred revenue	303,364	68,963	4,841	61,813	1,283	40,554	-	5,526	-	4,719	436,779
Compensated absences payable	78,107	-	-	7,345	-	16,805	-	652	-	3,615	164,147
Total liabilities	1,107,148	72,343	184,385	112,399	1,283	125,806	34,543	10,623	20,592	47,421	1,085,911
FUND BALANCES	1,116,534	168,217	80,690	371,584	17,985	479,145	346,378	36,272	95,802	456,769	3,696,092
Total liabilities and fund balances	\$ 2,223,682	\$ 240,560	\$ 265,075	\$ 483,983	\$ 19,268	\$ 604,951	\$ 380,921	\$ 46,895	\$ 116,394	\$ 504,190	\$ 4,782,003

See accompanying independent auditors' report.

<u>Weeds</u>	<u>Tort</u>	<u>Health District</u>	<u>Snowmobile- Priest Lake</u>	<u>Snowmobile- Sandpoint</u>	<u>Waterways</u>	<u>Parks and Recreation</u>	<u>Court Facilities</u>	<u>Court Interlock</u>	<u>Grants</u>	<u>Drug Court</u>	<u>Veterans Memorial</u>	<u>Total</u>
\$ 134,708	\$ 432,970	\$ 52,297	\$ 42,854	\$ 44,024	\$ 154,404	\$ 47,942	\$ 206,355	\$ 10,527	\$ 180,028	\$ 48,600	\$ -	\$ 9,941,372
7,366	64,133	15,524	-	-	-	1,349	-	-	-	-	2	986,008
-	-	-	-	-	-	-	1,390	581	3,077	-	-	112,870
-	-	-	-	-	-	-	-	-	83	-	-	132
-	-	-	-	3,000	6,408	-	-	-	-	-	-	84,335
-	-	-	-	-	-	19,005	-	-	-	-	-	19,005
-	-	-	-	-	-	-	-	-	-	-	-	827
<u>\$ 142,074</u>	<u>\$ 497,103</u>	<u>\$ 67,821</u>	<u>\$ 42,854</u>	<u>\$ 47,024</u>	<u>\$ 160,812</u>	<u>\$ 68,296</u>	<u>\$ 207,745</u>	<u>\$ 11,108</u>	<u>\$ 183,188</u>	<u>\$ 48,600</u>	<u>\$ 2</u>	<u>\$ 11,144,549</u>
\$ 16,311	\$ 149	\$ -	\$ -	\$ 20	\$ 10,375	\$ 1,422	\$ -	\$ 1,475	\$ 52,654	\$ 11	\$ -	\$ 1,278,871
-	-	-	-	-	-	-	-	-	-	-	-	23,869
1,214	-	-	-	-	235	196	-	-	3,900	793	-	343,020
246	-	-	-	-	-	-	-	-	324	-	-	29,506
-	-	-	-	-	-	-	-	-	-	-	-	18,000
7,107	61,578	14,933	-	-	-	1,315	-	-	-	-	2	1,012,777
2,140	-	-	-	-	3,072	-	-	-	856	240	-	276,979
<u>27,018</u>	<u>61,727</u>	<u>14,933</u>	<u>-</u>	<u>20</u>	<u>13,682</u>	<u>2,933</u>	<u>-</u>	<u>1,475</u>	<u>57,734</u>	<u>1,044</u>	<u>2</u>	<u>2,983,022</u>
<u>115,056</u>	<u>435,376</u>	<u>52,888</u>	<u>42,854</u>	<u>47,004</u>	<u>147,130</u>	<u>65,363</u>	<u>207,745</u>	<u>9,633</u>	<u>125,454</u>	<u>47,556</u>	<u>-</u>	<u>8,161,527</u>
<u>\$ 142,074</u>	<u>\$ 497,103</u>	<u>\$ 67,821</u>	<u>\$ 42,854</u>	<u>\$ 47,024</u>	<u>\$ 160,812</u>	<u>\$ 68,296</u>	<u>\$ 207,745</u>	<u>\$ 11,108</u>	<u>\$ 183,188</u>	<u>\$ 48,600</u>	<u>\$ 2</u>	<u>\$ 11,144,549</u>

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances — Special Revenue Funds**

	Road and Bridge	Airport	Junior College	Revaluation	Historical Society	District Court	Special Highway	County Fair	911	Indigent and Charity	Justice
REVENUES:											
Taxes	\$ 3,539,210	\$ 79,474	\$ 38,945	\$ 766,668	\$ 15,372	\$ 539,934	\$ -	\$ 66,220	\$ -	\$ 52,889	\$ 5,339,172
Licenses and permits	-	-	-	-	-	-	-	-	-	-	183,643
Intergovernmental	2,505,637	30,388	238,767	50,000	-	129,642	458,000	77,915	-	-	1,287,437
Charges for services	-	6,823	-	-	-	-	-	-	288,886	-	464,119
Fines	-	-	-	-	-	156,818	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	1,162	-	-
Miscellaneous	241,546	26,177	-	6,637	-	167,428	-	3	-	68,705	35,304
Total revenues	6,286,393	142,862	277,712	823,305	15,372	993,822	458,000	144,138	290,048	121,594	7,309,675
EXPENDITURES:											
Current:											
General government	-	78,697	-	791,572	-	891,566	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	272,895	-	7,259,321
Highways and streets	6,261,678	-	-	-	-	-	427,220	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-
Welfare	-	-	-	-	-	-	-	-	-	349,774	-
Education	-	-	353,941	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	30,000	-	-	132,322	-	-	-
Total expenditures	6,261,678	78,697	353,941	791,572	30,000	891,566	427,220	132,322	272,895	349,774	7,259,321
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,715	64,165	(76,229)	31,733	(14,628)	102,256	30,780	11,816	17,153	(228,180)	50,354
OTHER FINANCING SOURCES (USES):											
Operating transfers in (out)	(2,471)	-	-	-	-	(5,249)	-	-	-	-	63,949
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	22,244	64,165	(76,229)	31,733	(14,628)	97,007	30,780	11,816	17,153	(228,180)	114,303
FUND BALANCES, BEGINNING OF YEAR	1,094,290	104,052	156,919	339,851	32,613	382,138	315,598	24,456	78,649	684,949	3,581,789
FUND BALANCES, END OF YEAR	\$ 1,116,534	\$ 168,217	\$ 80,690	\$ 371,584	\$ 17,985	\$ 479,145	\$ 346,378	\$ 36,272	\$ 95,802	\$ 456,769	\$ 3,696,092

See accompanying independent auditors' report.

Weeds	Tort	Health District	Snowmobile-Priest Lake	Snowmobile-Sandpoint	Waterways	Parks and Recreation	Court Facilities	Court Interlock	Grants	Drug Court	Total
\$ 87,696	\$ 794,935	\$ 189,323	\$ -	\$ -	\$ -	\$ 28,602	\$ -	\$ -	\$ -	\$ 84,125	\$11,622,565
-	-	-	42,855	13,760	66,888	-	-	-	-	-	307,146
69,000	54,000	-	-	-	-	-	-	-	858,958	-	5,759,744
-	-	9,965	-	-	-	-	15,550	6,233	-	-	791,576
-	-	-	-	-	-	-	-	-	-	-	156,818
-	-	-	-	-	-	-	-	-	503	-	1,665
1,330	483	9	2,533	3,000	1,552	4,334	-	-	30	-	559,071
158,026	849,418	199,297	45,388	16,760	68,440	32,936	15,550	6,233	859,491	84,125	19,198,585
-	684,508	-	-	-	-	-	-	-	266,986	36,569	2,749,898
-	-	-	-	-	-	-	-	5,124	442,479	-	7,979,819
-	-	-	-	-	-	-	-	-	-	-	6,688,898
125,241	-	-	-	-	-	-	-	-	-	-	125,241
-	-	202,142	-	-	-	-	-	-	-	-	202,142
-	-	-	-	-	-	-	-	-	-	-	349,774
-	-	-	-	-	-	-	-	-	-	-	353,941
-	-	-	52,492	14,905	48,111	22,276	-	-	97,169	-	397,275
125,241	684,508	202,142	52,492	14,905	48,111	22,276	-	5,124	806,634	36,569	18,846,988
32,785	164,910	(2,845)	(7,104)	1,855	20,329	10,660	15,550	1,109	52,857	47,556	351,597
-	-	-	(6,186)	-	60,834	6,186	-	-	(117,063)	-	-
32,785	164,910	(2,845)	(13,290)	1,855	81,163	16,846	15,550	1,109	(64,206)	47,556	-
82,271	270,466	55,733	56,144	45,149	65,967	48,517	192,195	8,524	189,660	-	7,809,930
\$ 115,056	\$ 435,376	\$ 52,888	\$ 42,854	\$ 47,004	\$ 147,130	\$ 65,363	\$ 207,745	\$ 9,633	\$ 125,454	\$ 47,556	\$ 8,161,527

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Bonner County, Idaho
Sandpoint, Idaho

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details

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Road and bridge:			
Taxes:			
Current	\$ 3,577,738	\$ 3,447,750	\$ (129,988)
Penalties and interest	159,244	55,699	(103,545)
REA tax	32,301	35,761	3,460
Total taxes	<u>3,769,283</u>	<u>3,539,210</u>	<u>(230,073)</u>
Intergovernmental:			
Sales tax base and excess	99,401	106,531	7,130
Highway users	1,580,711	1,622,723	42,012
Forest funds	678,300	776,383	98,083
Total intergovernmental	<u>2,358,412</u>	<u>2,505,637</u>	<u>147,225</u>
Miscellaneous:			
Refunds and reimbursements	-	241,546	241,546
Total road and bridge	<u>6,127,695</u>	<u>6,286,393</u>	<u>158,698</u>
911:			
Charges for services:			
911 fees	496,082	288,886	(207,196)
Interest income	-	1,162	1,162
Total 911	<u>496,082</u>	<u>290,048</u>	<u>(206,034)</u>
Airport:			
Taxes:			
Current	29,066	28,543	(523)
Penalties and interest	-	678	678
Sales tax base and excess	-	50,000	50,000
REA tax	175	253	78
Total taxes	<u>29,241</u>	<u>79,474</u>	<u>50,233</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Airport (continued):			
Intergovernmental:			
Grants	\$ 21,011	\$ 1,128	\$ (19,883)
Federal grants	258,947	29,260	(229,687)
Total intergovernmental	<u>279,958</u>	<u>30,388</u>	<u>(249,570)</u>
Charges for services:			
FBO lease payments	<u>8,000</u>	<u>6,823</u>	<u>(1,177)</u>
Miscellaneous:			
Rent	3,750	16,998	13,248
Fuel flowage fees	11,700	9,179	(2,521)
Total miscellaneous	<u>15,450</u>	<u>26,177</u>	<u>10,727</u>
Total airport	<u>332,649</u>	<u>142,862</u>	<u>(189,787)</u>
Junior college:			
Taxes:			
Current	36,000	37,494	1,494
Penalties and interest	-	1,451	1,451
REA tax	-	-	-
Total taxes	<u>36,000</u>	<u>38,945</u>	<u>2,945</u>
Intergovernmental:			
Liquor apportionment	<u>250,000</u>	<u>238,767</u>	<u>(11,233)</u>
Total junior college	<u>286,000</u>	<u>277,712</u>	<u>(8,288)</u>
Revaluation:			
Taxes:			
Current	755,694	743,787	(11,907)
Penalties and interest	4,200	16,317	12,117
REA tax	5,953	6,564	611
Total taxes	<u>765,847</u>	<u>766,668</u>	<u>821</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revaluation (continued):			
Intergovernmental:			
Sales tax base, excess and revenue sharing	\$ 50,000	\$ 50,000	\$ -
Miscellaneous:			
Copies	7,500	6,637	(863)
Total revaluation	<u>823,347</u>	<u>823,305</u>	<u>(42)</u>
Historical society:			
Taxes:			
Current	15,000	15,012	12
Penalties and interest	-	360	360
Total historical society	<u>15,000</u>	<u>15,372</u>	<u>372</u>
District court:			
Taxes:			
Current	535,189	522,287	(12,902)
Penalties and interest	2,000	12,998	10,998
REA tax	3,100	4,649	1,549
Total taxes	<u>540,289</u>	<u>539,934</u>	<u>(355)</u>
Intergovernmental:			
Cigarette tax	120,000	127,579	7,579
State Revenue — Other	4,000	2,063	(1,937)
Total intergovernmental	<u>124,000</u>	<u>129,642</u>	<u>5,642</u>
Fines	<u>151,801</u>	<u>156,818</u>	<u>5,017</u>
Miscellaneous:			
Court costs and filing fees	95,995	140,834	44,839
Law clerk services	13,030	7,600	(5,430)
Miscellaneous	5,435	18,994	13,559
Total miscellaneous	<u>114,460</u>	<u>167,428</u>	<u>52,968</u>
Total district court	<u>930,550</u>	<u>993,822</u>	<u>63,272</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Special highway:			
Intergovernmental:			
Highway user	\$ 450,000	\$ 458,000	\$ 8,000
County fair:			
Taxes:			
Current	63,848	63,779	(69)
Penalties and interest	-	1,886	1,886
REA tax	522	555	33
Total taxes	<u>64,370</u>	<u>66,220</u>	<u>1,850</u>
Intergovernmental:			
Sales tax	<u>35,915</u>	<u>77,915</u>	<u>42,000</u>
Miscellaneous:			
Tax deeded property	-	3	3
Usage/rent	<u>73,500</u>	<u>-</u>	<u>(73,500)</u>
Total miscellaneous	<u>73,500</u>	<u>3</u>	<u>(73,497)</u>
Total county fair	<u>173,785</u>	<u>144,138</u>	<u>(29,647)</u>
Indigent and charity:			
Taxes:			
Current	52,431	51,080	(1,351)
Penalties and interest	-	1,354	1,354
REA tax	<u>372</u>	<u>455</u>	<u>83</u>
Total taxes	<u>52,803</u>	<u>52,889</u>	<u>86</u>
Miscellaneous:			
Refunds and reimbursements	<u>65,000</u>	<u>68,705</u>	<u>3,705</u>
Total indigent and charity	<u>117,803</u>	<u>121,594</u>	<u>3,791</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Justice:			
Taxes:			
Current	\$ 5,194,771	\$ 5,146,590	\$ (48,181)
Penalties and interest	22,000	147,456	125,456
REA tax	42,000	45,126	3,126
Total taxes	<u>5,258,771</u>	<u>5,339,172</u>	<u>80,401</u>
Licenses and permits:			
Drivers licenses	58,786	59,099	313
Boat licenses	90,000	100,332	10,332
Beer and liquor licenses	23,000	22,330	(670)
Concealed weapon permits	1,800	1,882	82
Total licenses and permits	<u>173,586</u>	<u>183,643</u>	<u>10,057</u>
Intergovernmental:			
State revenue sharing	875,000	863,432	(11,568)
Payment in lieu of taxes	-	136,019	136,019
Priest River services	214,664	214,664	-
Clark Fork services	-	1,500	1,500
Kootenai	-	400	400
Oldtown services	-	600	600
U.S. Forest Service	-	3,845	3,845
Army Corps of Engineers	-	60,213	60,213
FILT-I F&G	-	6,764	6,764
Total intergovernmental	<u>1,089,664</u>	<u>1,287,437</u>	<u>197,773</u>
Charges for services:			
Prisoner board	73,500	208,082	134,582
Public defender costs	12,000	18,656	6,656
ITD reinstatement	18,000	30,360	12,360
Processing and servicing fees	16,000	21,025	5,025
Fingerprinting and bonding fees	-	14,293	14,293
Work release and inmate labor	3,500	103,419	99,919
Handling charges	7,000	10,114	3,114
Court surcharge	32,000	48,933	16,933
Other	5,800	9,237	3,437
Total charges for services	<u>167,800</u>	<u>464,119</u>	<u>296,319</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Justice (continued):			
Miscellaneous:			
Tax deeded property	\$ -	\$ 234	\$ 234
Reimbursements	-	26,854	26,854
Pay phone commissions	360	234	(126)
Miscellaneous	-	40	40
Kitchen fund	-	1,272	1,272
Prisoner reimbursements	5,200	6,670	1,470
Total miscellaneous	<u>5,560</u>	<u>35,304</u>	<u>29,744</u>
Total justice	<u>6,695,381</u>	<u>7,309,675</u>	<u>614,294</u>
Weeds:			
Taxes:			
Current	86,217	84,824	(1,393)
Penalties and interest	-	2,123	2,123
REA tax	670	749	79
Total taxes	<u>86,887</u>	<u>87,696</u>	<u>809</u>
Intergovernmental:			
State revenue sharing	30,000	35,000	5,000
U.S. Forest Service	-	20,000	20,000
Sales tax base and excess	-	11,000	11,000
Other	-	3,000	3,000
Total intergovernmental	<u>30,000</u>	<u>69,000</u>	<u>39,000</u>
Miscellaneous:			
Inspection revenue	1,300	1,327	27
Rent	-	3	3
Total miscellaneous	<u>1,300</u>	<u>1,330</u>	<u>30</u>
Total weeds	<u>118,187</u>	<u>158,026</u>	<u>39,839</u>
Tort:			
Taxes:			
Current	784,327	768,389	(15,938)
Penalties and interest	5,500	19,733	14,233
REA tax	5,173	6,813	1,640
Total taxes	<u>795,000</u>	<u>794,935</u>	<u>(65)</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Tort (continued):			
Intergovernmental:			
Sales tax surplus and revenue sharing	\$ 20,000	\$ 54,000	\$ 34,000
Miscellaneous:			
Tax deeded property	-	35	35
Reimbursements	-	448	448
Total miscellaneous	-	483	483
Total tort	815,000	849,418	34,418
Health district:			
Taxes:			
Current	177,298	175,825	(1,473)
Penalties and interest	-	11,958	11,958
REA tax	1,407	1,540	133
Total taxes	178,705	189,323	10,618
Charges for services:			
Fees for services	9,965	9,965	-
Miscellaneous:			
Tax deeded property	-	9	9
Total health district	188,670	199,297	10,627
Snowmobile — Priest Lake:			
Licenses and permits	44,958	42,855	(2,103)
Miscellaneous:			
Reimbursement	-	2,533	2,533
Total snowmobile — Priest Lake	44,958	45,388	430

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Snowmobile — Sandpoint:			
Licenses and permits	\$ 12,967	\$ 13,760	\$ 793
Miscellaneous:			
Grooming revenues	3,000	3,000	-
Total snowmobile — Sandpoint	<u>15,967</u>	<u>16,760</u>	<u>793</u>
Waterways:			
Licenses and permits	60,000	66,888	6,888
Miscellaneous:			
Sale of county property	-	1,552	1,552
Total waterways	<u>60,000</u>	<u>68,440</u>	<u>8,440</u>
Parks and recreation:			
Taxes:			
Current	27,291	28,092	801
Penalties and interest	-	376	376
REA tax	127	134	7
Total taxes	<u>27,418</u>	<u>28,602</u>	<u>1,184</u>
Miscellaneous:			
Parks/campground	8,000	4,334	(3,666)
Total parks and recreation	<u>35,418</u>	<u>32,936</u>	<u>(2,482)</u>
Court facilities:			
Charges for services:			
Civil surcharges	<u>8,000</u>	<u>15,550</u>	<u>7,550</u>
Court interlock:			
Charges for services:			
Court costs	<u>6,500</u>	<u>6,233</u>	<u>(267)</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Grants:			
Intergovernmental:			
Grants	\$ 3,000,000	\$ 858,958	\$ (2,141,042)
Interest income	-	503	503
Miscellaneous:			
Refunds from overpayments	-	30	30
Total grants	<u>3,000,000</u>	<u>859,491</u>	<u>(2,140,509)</u>
Drug Court			
Taxes:			
Current	<u>43,690</u>	<u>84,125</u>	<u>40,435</u>
Total all special revenue funds:			
Taxes	11,663,304	11,622,565	(40,739)
Licenses and permits	291,511	307,146	15,635
Intergovernmental	7,687,949	5,759,744	(1,928,205)
Charges for services	696,347	791,576	95,229
Fines	151,801	156,818	5,017
Interest income	-	1,665	1,665
Miscellaneous	<u>293,770</u>	<u>559,071</u>	<u>265,301</u>
Total all special revenue funds	<u>\$ 20,784,682</u>	<u>\$ 19,198,585</u>	<u>\$ (1,586,097)</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Expenditures — Budget
and Actual — Special Revenue Funds**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Road and bridge:			
Highways and streets:			
Salaries	\$ 1,420,668	\$ 1,321,958	\$ 98,710
Benefits	433,822	379,538	54,284
Other services and charges	3,565,948	3,624,076	(58,128)
Capital outlay	1,112,757	936,106	176,651
Total highways and streets	<u>6,533,195</u>	<u>6,261,678</u>	<u>271,517</u>
Airport:			
General government:			
Other services and charges	<u>369,869</u>	<u>78,697</u>	<u>291,172</u>
Junior college:			
Education:			
Other services and charges	<u>360,000</u>	<u>353,941</u>	<u>6,059</u>
Revaluation:			
General government:			
Salaries	609,122	549,941	59,181
Benefits	201,062	168,010	33,052
Other services and charges	45,905	40,020	5,885
Capital outlay	33,500	33,601	(101)
Total general government	<u>889,589</u>	<u>791,572</u>	<u>98,017</u>
Parks and recreation:			
Culture and recreation:			
Salaries	8,667	5,424	3,243
Benefits	663	416	247
Other services and charges	8,400	10,377	(1,977)
Capital outlay	18,352	6,059	12,293
Total culture and recreation	<u>36,082</u>	<u>22,276</u>	<u>13,806</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Expenditures — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Historical society:			
Culture and recreation:			
Other services and charges	\$ 30,000	\$ 30,000	\$ -
District court:			
General government:			
Office:			
Salaries	206,631	202,478	4,153
Benefits	67,480	60,510	6,970
Other services and charges	199,608	165,706	33,902
Capital outlay	14,500	8,558	5,942
Total office	<u>488,219</u>	<u>437,252</u>	<u>50,967</u>
Juvenile justice:			
Salaries	343,111	323,186	19,925
Benefits	113,654	97,469	16,185
Other services and charges	40,465	33,659	6,806
Total juvenile justice	<u>497,230</u>	<u>454,314</u>	<u>42,916</u>
Total general government	<u>985,449</u>	<u>891,566</u>	<u>93,883</u>
Special highway:			
Highways and streets:			
Salaries	46,447	41,956	4,491
Benefits	3,553	3,210	343
Other services and charges	400,000	382,054	17,946
Total highways and streets	<u>450,000</u>	<u>427,220</u>	<u>22,780</u>
County fair:			
Culture and recreation:			
Salaries	68,434	63,659	4,775
Benefits	23,798	17,540	6,258
Other services and charges	93,500	20,000	73,500
Capital outlay	50,000	31,123	18,877
Total culture and recreation	<u>235,732</u>	<u>132,322</u>	<u>103,410</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Expenditures — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
911:			
Public safety:			
Other services and charges	\$ 506,082	\$ 272,895	\$ 233,187
Indigent and charity:			
Welfare:			
Salaries	124,024	117,372	6,652
Benefits	44,295	41,025	3,270
Other services and charges	284,220	189,992	94,228
Capital outlay	3,800	1,385	2,415
Total welfare	<u>456,339</u>	<u>349,774</u>	<u>106,565</u>
Justice:			
Public safety:			
Clerk:			
Salaries	<u>467,854</u>	<u>450,945</u>	<u>16,909</u>
Sheriff:			
Salaries	1,898,246	1,798,009	100,237
Other services and charges	372,691	385,771	(13,080)
Capital outlay	289,930	254,285	35,645
Total sheriff	<u>2,560,867</u>	<u>2,438,065</u>	<u>122,802</u>
Prosecuting attorney:			
Salaries	503,710	496,248	7,462
Other services and charges	68,036	61,409	6,627
Capital outlay	4,800	8,376	(3,576)
Total prosecuting attorney	<u>576,546</u>	<u>566,033</u>	<u>10,513</u>
Public Defender:			
Salaries	<u>20,000</u>	<u>15,021</u>	<u>4,979</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Expenditures — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Justice (continued):			
Public safety (continued):			
Juvenile detention:			
Salaries	\$ 308,944	\$ 288,438	\$ 20,506
Other services and charges	145,914	143,028	2,886
Capital outlay	29,749	26,436	3,313
Total juvenile detention	<u>484,607</u>	<u>457,902</u>	<u>26,705</u>
General:			
Benefits	1,397,988	1,210,888	187,100
Other services and charges	620,604	565,209	55,395
Total general	<u>2,018,592</u>	<u>1,776,097</u>	<u>242,495</u>
Jail:			
Salaries	1,126,347	1,051,919	74,428
Other services and charges	436,373	362,172	74,201
Capital outlay	16,000	20,909	(4,909)
Total jail	<u>1,578,720</u>	<u>1,435,000</u>	<u>143,720</u>
Marine patrol:			
Salaries	82,819	82,745	74
Other services and charges	37,551	37,513	38
Total marine patrol	<u>120,370</u>	<u>120,258</u>	<u>112</u>
Total public safety	<u>7,827,556</u>	<u>7,259,321</u>	<u>568,235</u>
Court facilities:			
General government:			
Other services and charges	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Court interlock:			
Public safety:			
Other services and charges	<u>6,500</u>	<u>5,124</u>	<u>1,376</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Expenditures — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Weeds:			
Sanitation:			
Salaries	\$ 32,790	\$ 30,581	\$ 2,209
Benefits	9,583	8,127	1,456
Other services and charges	140,092	86,023	54,069
Capital outlay	2,000	510	1,490
Total sanitation	<u>184,465</u>	<u>125,241</u>	<u>59,224</u>
Tort:			
General government:			
Salaries	-	(3)	3
Benefits	395,484	265,607	129,877
Other services and charges	440,000	418,904	21,096
Total general government	<u>835,484</u>	<u>684,508</u>	<u>150,976</u>
Health district:			
Health:			
Other services and charges	<u>202,142</u>	<u>202,142</u>	<u>-</u>
Snowmobile — Priest Lake:			
Culture and recreation:			
Salaries	7,722	7,722	-
Benefits	966	966	-
Other services and charges	43,804	43,804	-
Total culture and recreation	<u>52,492</u>	<u>52,492</u>	<u>-</u>
Snowmobile — Sandpoint:			
Culture and recreation:			
Salaries	12,600	8,866	3,734
Benefits	1,012	679	333
Other services and charges	12,717	5,360	7,357
Total culture and recreation	<u>26,329</u>	<u>14,905</u>	<u>11,424</u>
Waterways:			
Culture and recreation:			
Other services and charges	74,832	48,111	26,721
Capital outlay	6,500	-	6,500
Total culture and recreation	<u>81,332</u>	<u>48,111</u>	<u>33,221</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Expenditures — Budget
and Actual — Special Revenue Funds (Continued)**

**Year Ended
September 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Grants:			
General government:			
Salaries	\$ 536,280	\$ -	\$ 536,280
Other services and charges	1,716,820	266,986	1,449,834
Total general government	<u>2,253,100</u>	<u>266,986</u>	<u>1,986,114</u>
Public safety:			
Salaries	213,795	161,836	51,959
Benefits	34,731	30,806	3,925
Other services and charges	281,315	240,581	40,734
Capital outlay	2,000	9,256	(7,256)
Total public safety	<u>531,841</u>	<u>442,479</u>	<u>89,362</u>
Culture and recreation:			
Other services and charges	215,059	97,169	117,890
Total grants	<u>3,000,000</u>	<u>806,634</u>	<u>2,193,366</u>
Drug Court			
General government:			
Salaries	10,580	10,230	350
Benefits	809	783	26
Other services and charges	32,300	25,556	6,744
Total drug court	<u>43,689</u>	<u>36,569</u>	<u>7,120</u>
Total all special revenue funds:			
General government	5,385,180	2,749,898	2,635,282
Public safety	8,871,979	7,979,819	892,160
Highways and streets	6,983,195	6,688,898	294,297
Sanitation	184,465	125,241	59,224
Health	202,142	202,142	-
Welfare	456,339	349,774	106,565
Education	360,000	353,941	6,059
Culture and recreation	<u>677,026</u>	<u>397,275</u>	<u>279,751</u>
Total all special revenue funds	<u>\$ 23,120,326</u>	<u>\$ 18,846,988</u>	<u>\$ 4,273,338</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet — Debt Service Funds

September 30, 2002

	<u>LID Admin. Fund</u>	<u>Local Guarantee Fund</u>	<u>LID 93-1</u>	<u>LID 96-1</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 126,644	\$ 12,014	\$ 312,665	\$ 27,883	\$ 479,206
Receivables, net of allowance for uncollectibles:					
Special assessments:					
Due and past due	-	-	1,460	-	1,460
Deferred	-	-	1,310,737	48,088	1,358,825
Restricted assets:					
Cash on deposit with fiscal agent	-	-	39,103	23,640	62,743
Total assets	<u>\$ 126,644</u>	<u>\$ 12,014</u>	<u>\$ 1,663,965</u>	<u>\$ 99,611</u>	<u>\$ 1,902,234</u>
Liabilities and Fund Balances					
LIABILITIES:					
Warrants payable	\$ 711	\$ -	\$ -	\$ -	\$ 711
Deferred revenue	-	-	1,310,737	48,088	1,358,825
Total liabilities	<u>711</u>	<u>-</u>	<u>1,310,737</u>	<u>48,088</u>	<u>1,359,536</u>
FUND BALANCES:					
Reserved for debt service	<u>125,933</u>	<u>12,014</u>	<u>353,228</u>	<u>51,523</u>	<u>542,698</u>
Total liabilities and fund balances	<u>\$ 126,644</u>	<u>\$ 12,014</u>	<u>\$ 1,663,965</u>	<u>\$ 99,611</u>	<u>\$ 1,902,234</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances — Debt Service Funds**

**Year Ended
September 30, 2002**

	<u>LID Admin. Fund</u>	<u>Local Guarantee Fund</u>	<u>LID 93-1</u>	<u>LID 96-1</u>	<u>Total</u>
<i>REVENUES:</i>					
Special assessments	\$ 27,020	\$ -	\$ 286,417	\$ 23,688	\$ 337,125
<i>EXPENDITURES:</i>					
Debt service:					
Principal	-	-	145,000	10,000	155,000
Interest and fiscal charges	10,468	-	116,000	4,550	131,018
Total expenditures	10,468	-	261,000	14,550	286,018
<i>EXCESS OF REVENUES OVER EXPENDITURES</i>	16,552	-	25,417	9,138	51,107
<i>FUND BALANCES, BEGINNING OF YEAR</i>	109,381	12,014	327,811	42,385	491,591
<i>FUND BALANCES, END OF YEAR</i>	\$ 125,933	\$ 12,014	\$ 353,228	\$ 51,523	\$ 542,698

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Statement of Revenues and Expenditures —
Budget and Actual — Debt Service Funds

Year Ended
September 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<i>REVENUES:</i>			
Special assessments	\$ 275,035	\$ 337,125	\$ 62,090
Miscellaneous	5,000	-	(5,000)
Total revenues	<u>280,035</u>	<u>337,125</u>	<u>57,090</u>
<i>EXPENDITURES:</i>			
Debt service:			
Principal	155,000	155,000	-
Interest and fiscal charges	241,096	131,018	110,078
Total expenditures	<u>396,096</u>	<u>286,018</u>	<u>110,078</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	<u><u>\$ (116,061)</u></u>	<u><u>\$ 51,107</u></u>	<u><u>\$ 167,168</u></u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet — Capital Projects Funds

September 30, 2002

Jail and
Building
Construction

Assets

Cash and cash equivalents
Receivables, net of allowance for uncollectibles:
Taxes

\$ 1,166,028

2,053

Total assets

\$ 1,168,081

Liabilities and Fund Balance

LIABILITIES:

Warrants payable
Deferred revenue
Total liabilities

\$ 6,883

2,015

8,898

FUND BALANCE:

Unreserved

1,159,183

Total liabilities and fund balance

\$ 1,168,081

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance — Capital Projects Funds**

**Year Ended
September 30, 2002**

Jail and
Building
Construction

REVENUES:

Special assessments

\$ 2,003

EXPENDITURES:

Capital outlay

22,388

EXCESS OF EXPENDITURES OVER REVENUES

(20,385)

FUND BALANCE, BEGINNING OF YEAR

1,179,568

FUND BALANCE, END OF YEAR

\$ 1,159,183

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Statement of Revenues and Expenditures —
Budget and Actual — Capital Projects Funds

Year Ended
September 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<i>REVENUES:</i>			
Jail construction:			
Special assessments	\$ 2,000	\$ 2,003	\$ 3
<i>EXPENDITURES:</i>			
Building construction:			
Capital outlay	1,800,000	-	1,800,000
Jail construction:			
Capital outlay	78,000	22,388	55,612
Total expenditures	<u>1,878,000</u>	<u>22,388</u>	<u>1,855,612</u>
<i>EXCESS OF EXPENDITURES OVER REVENUES</i>	<u><u>\$(1,876,000)</u></u>	<u><u>\$ (20,385)</u></u>	<u><u>\$ 1,855,615</u></u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Revenues and Expenses —

(Non-GAAP Budgetary Basis) — Budget and Actual —

Year Ended

Solid Waste Enterprise Fund

September 30, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<i>REVENUES:</i>			
Charges for services:			
Fees	\$ 1,520,955	\$ 1,439,083	\$ (81,872)
Commercial disposal	996,625	1,155,868	159,243
Gate	41,961	55,495	13,534
Total charges for services	<u>2,559,541</u>	<u>2,650,446</u>	<u>90,905</u>
Penalties and interest	23,500	27,638	4,138
Miscellaneous	-	92,979	92,979
Total revenues	<u>2,583,041</u>	<u>2,771,063</u>	<u>188,022</u>
<i>EXPENSES:</i>			
Salaries	460,216	372,953	87,263
Benefits	160,719	127,204	33,515
Other services and charges	1,901,661	2,050,064	(148,403)
Capital outlay	540,500	259,370	281,130
Total expenses	<u>3,063,096</u>	<u>2,809,591</u>	<u>253,505</u>
<i>EXCESS OF EXPENDITURES OVER REVENUES</i>	(480,055)	(38,528)	441,527
<i>OTHER FINANCING USES:</i>			
Operating transfers out	<u>(469,440)</u>	<u>-</u>	<u>469,440</u>
<i>EXCESS OF EXPENDITURES AND OTHER FINANCING USES OVER REVENUES</i>	<u>\$ (949,495)</u>	<u>\$ (38,528)</u>	<u>\$ 910,967</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet — Trust and Agency Funds

September 30, 2002

	Fiduciary Fund Types		Totals
	Pension <u>Trust</u>	Agency <u>Funds</u>	(Memorandum Only)
Assets			
Cash and cash equivalents	\$ -	\$ 1,013,222	\$ 1,013,222
Investments	4,419,296	-	4,419,296
Receivable, net of allowance for uncollectibles:			
Taxes	-	1,698,454	1,698,454
Due from other funds	-	18,000	18,000
	<u>-</u>	<u>18,000</u>	<u>18,000</u>
Total assets	<u>\$ 4,419,296</u>	<u>\$ 2,729,676</u>	<u>\$ 7,148,972</u>
Liabilities and Fund Equity			
LIABILITIES:			
Warrants payable	\$ -	\$ 38,022	\$ 38,022
Accounts payable	-	398,444	398,444
Due to other taxing districts	-	1,964,939	1,964,939
Due to other funds	-	19,005	19,005
Deferred compensation payable	-	309,266	309,266
Total liabilities	<u>-</u>	<u>2,729,676</u>	<u>2,729,676</u>
FUND EQUITY:			
Fund balances:			
Reserved for employees' pension benefits	<u>4,419,296</u>	<u>-</u>	<u>4,419,296</u>
Total liabilities and fund equity	<u>\$ 4,419,296</u>	<u>\$ 2,729,676</u>	<u>\$ 7,148,972</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet — Agency Funds

September 30, 2002

	<u>Clerk</u>	<u>Special</u>	<u>Court</u>	<u>Deferred Compensation</u>	<u>Total</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 74,650	\$ 268,084	\$ 361,222	\$ 309,266	\$1,013,222
Receivable, net of allowance for uncollectibles:					
Taxes	-	1,698,454	-	-	1,698,454
Due from other funds	-	-	18,000	-	18,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 74,650	\$1,966,538	\$ 379,222	\$ 309,266	\$2,729,676
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Liabilities</i>					
Warrants payable	\$ 23,419	\$ 1,599	\$ 13,004	\$ -	\$ 38,022
Accounts payable	32,226	-	366,218	-	398,444
Due to other taxing districts	-	1,964,939	-	-	1,964,939
Due to other funds	19,005	-	-	-	19,005
Deferred compensation payable	-	-	-	309,266	309,266
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	\$ 74,650	\$1,966,538	\$ 379,222	\$ 309,266	\$2,729,676
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditors' report.

SINGLE AUDIT

AUDITORS' SECTION

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho

We have audited the financial statements of Bonner County, Idaho (the County) as of and for the year ended September 30, 2002, and have issued our report thereon dated November 27, 2002, which was qualified due to (1) the inclusion of unaudited information regarding the Pension Trust Fund and (2) the omission of the general fixed assets account group. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of audit findings as items 02-1 through 02-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 02-3 to be a material weakness. We also noted other matters involving the internal control over financial reporting which we have reported to management of the County in a separate letter dated November 27, 2002.

This report is intended solely for the information and use of management, the Board of County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LeMaster & Daniels PLLC

Spokane, Washington
November 27, 2002

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho

Compliance

We have audited the compliance of Bonner County, Idaho (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2002. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LeMaster & Daniels PC

Spokane, Washington
November 27, 2002

Bonner County, Idaho
Sandpoint, Idaho

Schedule of Audit Findings

Year Ended September 30, 2002

Section I — Summary of Auditors' Results

FINANCIAL STATEMENTS:

Type of auditors' report issued:

Qualified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Reportable condition(s) identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weakness(es)? ☐ yes ☒ no

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Circular A-133?

☐ yes ☒ no

Bonner County, Idaho
Sandpoint, Idaho

Schedule of Audit Findings (Continued)

Year Ended September 30, 2002

Section I — Summary of Auditors' Results (continued)

FEDERAL AWARDS (continued):

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
16.589	U.S. Department of Justice – Community Domestic Violence
93.558	Department of Health and Human Services – Family Preservation Grant
14.228	Housing and Community Development – Kootenai Ponderay Sewer District ICDBG

Dollar threshold used to distinguish
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____yes X no

Bonner County, Idaho
Sandpoint, Idaho

Schedule of Audit Findings (Continued)

Year Ended September 30, 2002

Section II — Financial Statement Findings

FINDING 02-1 – GENERAL FIXED ASSET ACCOUNTING

Criteria:

Accounting principles generally accepted in the United States of America require that general fixed assets be accounted for at historical cost.

Condition:

Reportable condition

As previously mentioned in 2001 Finding 01-3, the County does not have a system to record and account for the general fixed assets on a historical cost basis.

Effect:

The County lacks assurance it is accounting for all of its general fixed assets and that the assets are not misappropriated. Also, because the County has elected not to record general fixed assets, the auditors' report is modified to reflect this departure from accounting principles generally accepted in the United States of America.

Recommendation:

We recommend that the County utilize the list of fixed assets that is prepared for insurance purposes and research the historical costs on those items to prepare a costed listing of fixed assets. Periodically, the fixed asset listing should be reconciled to the general ledger.

*GalsBY 34
will correct*

Bonner County, Idaho
Sandpoint, Idaho

Schedule of Audit Findings (Continued)

Year Ended September 30, 2002

Section II — Financial Statement Findings (Continued)

FINDING 02-2 – CLAIM FORM APPROVAL

Criteria:

County policy dictates that all invoice approval forms have two signatures authorizing the invoice.

Condition:

We noted during testing of cash disbursements that an invoice approval form had only one signature approving the disbursement.

Effect:

Without a proper approval process, the County cannot effectively control purchases.

Recommendation:

The accounts payable department should verify that proper approval has been given by a second signature on each of the invoice approval forms. If the approval form does not have the second signature, then the invoice should be returned to that department for signature and approval.

Bonner County, Idaho
Sandpoint, Idaho

Schedule of Audit Findings (Continued)

Year Ended September 30, 2002

Section II — Financial Statement Findings (Continued)

FINDING 02-3 – CASH ACCOUNT CUSTODY AND REPORTING

Criteria:

All cash related to the functions of the departments of the County are to be deposited in the County bank account and recorded as received by the Treasurer's office. The state of Idaho Code requires that all funds due to the County are to be remitted to the Treasurer's office. Pursuant to federal regulations, the forfeitures associated with Drug Task Force are to be deposited with the County minus any associated expenses.

Condition:

Material weakness

We noted that the monies from the forfeitures received by the Drug Task Force are not deposited into the County bank account and recorded on the County's books.

Effect:

The County lacks the ability to maintain proper control over the custody and recording of assets and the ability to misuse or misappropriate funds is unnecessarily high.

Recommendation:

We recommend that all funds be receipted under the control of the Treasurer's and Clerk's offices. All accounting transactions should be reported on the books and records of the County for asset custody and financial reporting purposes.

Bonner County, Idaho
Sandpoint, Idaho

Schedule of Audit Findings (Continued)

Year Ended September 30, 2002

Section III — Federal Award Findings

No matters were reported.

AUDITEE'S SECTION

Bonner County, Idaho
Sandpoint, Idaho

Year Ended

Schedule of Expenditures of Federal Awards

September 30, 2002

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Justice:</i>			
Bullet Proof Vest Grant	16.607	# 99003118	\$ 5,293
Domestic Violence	16.589		80,881
Drug Task Force	16.579	01-BYRN-64-TF-01	37,768
Local Law Enforcement Block Grant	16.592	01-LB-BX-2149	25,545
Kinderhaven Formula Grant	16.540	01-JJ11-01	32,656
Stop Violence Against Women Grant 2000	16.588	99-STOP-23-PR-2	16,897
Underage Drinking Law Grant	16.727	00-UD11-03	4,499
JAIBG S.R.O.	16.523	00-JA11-02	<u>31,692</u>
Total U.S. Department of Justice			<u>235,231</u>
<i>U.S. Department of Transportation:</i>			
Passed through State of Idaho Department of Parks and Recreation:			
Federal Boat Safety	20.005	42-01-09-1	35,735

Bonner County, Idaho
Sandpoint, Idaho

Year Ended

September 30, 2002

Schedule of Expenditures of Federal Awards (Continued)

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Award Number</u>	<u>Federal Expenditures</u>
Passed through Idaho Transportation Department:			
Occupant Protection 2002	20.602	SD17606	\$ 4,417
Occupant Protection 2003	20.602	SD21201	934
Probation DUI	20.600	SD2J804	10,146
Federal Aviation Administration	20.106		<u>29,260</u>
Total U.S. Department of Transportation			<u>80,492</u>
<i>Federal Emergency Management Agency:</i>			
Passed through Idaho Military Division:			
Civil defense	83.552	EMS-2002-GR-3091	10,872
Terrorism	83.552	EMS-2002-GR-3091	<u>2,000</u>
Total Federal Emergency Management Agency			<u>12,872</u>
<i>Department of Health and Human Services</i>			
Family Preservation Grant	93.558	1C061400	<u>49,400</u>
<i>Housing and Community Development</i>			
Kootenai Ponderay Sewer District ICDBG	14.228	ICDBG-02-I-8PF	<u>194,763</u>
Total expenditures of federal awards			<u>\$ 572,758</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Schedule of Expenditures of Federal Awards (Continued) **Year Ended**
September 30, 2002

Note 1 — Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bonner County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Amounts presented in this schedule agree with the amounts presented in, or used in, the preparation of the general-purpose financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Corrective Action Plan

Year Ended September 30, 2002

02-1 – GENERAL FIXED ASSET ACCOUNTING
CONTACT PERSON: BOARD OF COMMISSIONERS
COMMENT PREPARED BY: MARIE SCOTT

The County is in the process of implementing a general fixed asset accounting system for all assets greater than \$5,000. The County anticipates having the system in place by September 30, 2003, as required by GASB 34.

02-2 – CLAIM FORM APPROVAL
CONTACT PERSON: MARIE SCOTT
COMMENT PREPARED BY: MARIE SCOTT

We concur with this comment and are instituting further procedures to ensure that all claim forms are properly approved.

02-3 – CASH ACCOUNT CUSTODY AND REPORTING
CONTACT PERSON: MARIE SCOTT
COMMENT PREPARED BY: MARIE SCOTT

Based on the finding, the Prosecutor's and Sheriff's Departments will be made aware of the finding and asked to comply with the finding as noted.

Bonner County, Idaho
Sandpoint, Idaho

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2002

Findings From Year Ended September 30, 2001:

Finding 01-1: Cash Accounts

The finding was reported as a material weakness stating that the County maintains a tax anticipation account for the prepaid timber and property taxes paid prior to the beginning of the fiscal year when they are due. The prepaid amounts are receipted by the Treasurer's office and deposited into the bank account.

The cash balances are maintained by the Treasurer's office, however, no recording is made in the general ledger of the County.

Status:

The County has recorded all funds received into the cash management account in the general ledger of the County as of September 30, 2002.

Finding 01-2: Payroll

The finding was a reportable condition that County policy dictates that all payroll timecards be signed by the employee submitting them as well as the department head. The department head signs the timecard for payments and forwards the timecard to payroll department.

Status:

Current year testing of payroll summary reported no exceptions to the timecard policy. Per inquiry, management has indicated that the policy is being complied with.

Finding 01-3: General Fixed Asset Accounting

The finding was a reportable condition that the County does not have a system to record and account for general fixed assets on a historical basis.

Status: Repeated as item 02-1 in the current year Schedule of Audit Findings.

The County is currently in the process of establishing a general fixed asset accounting system as required by GASB 34. The County anticipates having the system in place by September 30, 2003, as required by GASB 34.

Bonner County, Idaho
Sandpoint, Idaho

**Summary Schedule of Prior Audit
Findings (Continued)**

Year Ended September 30, 2002

Findings From Year Ended September 30, 2001 (continued):

Finding 01-4: Cash Receipts

The finding was a reportable condition that State of Idaho Code requires that all funds due to the County are remitted to the Treasurer's office. A check for \$58,000 for a trade-in was paid directly to a vendor for an equipment purchase.

Status:

No findings of noncompliance were noted in the current year audit.

Finding 01-5: Claim Form Approval

The finding was reported as a reportable condition that claim forms, which are generated by department heads, are not always approved by an employee of higher authority.

Status: Repeated as item 02-2 in the current year Schedule of Audit Findings.

No approval process is maintained for the acquisition of goods and services.