

LE MASTER &  
DANIELS PLLC

**BONNER COUNTY, IDAHO**  
**SANDPOINT, IDAHO**

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**Basic Financial Statements and  
Independent Auditors' Report**

**September 30, 2004**

# Bonner County, Idaho

## Sandpoint, Idaho

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## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Bonner County, Idaho  
Sandpoint, Idaho

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho (the County) as of and for the year ended September 30, 2004, which collectively comprise the County's basic financial statements as listed in the contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information for Bonner County, Idaho, as of September 30, 2004, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Bonner County, Idaho, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Justice Fund, Road and Bridge Fund, and the Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As permitted by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the County has elected the four-year transition period for the recording of the infrastructure assets in place prior to September 30, 2002. This matter is further discussed in note 1, Organization and Summary of Significant Accounting Policies.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2004, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Management's Discussion and Analysis on pages 4 through 11 is not a required part of the basic financial statement but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bonner County's basic financial statements. The supplemental information section listed in the contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*LeMaster Daniel LLC*

Spokane, Washington  
November 23, 2004

# Bonner County, Idaho

## Sandpoint, Idaho

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### Management's Discussion and Analysis

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As management of Bonner County, we offer readers of our financial statements this narrative overview and analysis of the financial activities of Bonner County for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the accompanying *Notes* which are a part of this audit report. Comparative analysis will be done on key elements of governmental funds and enterprise funds in this MD&A.

#### Financial Highlights

The key financial highlights for 2004 are as follows:

The County's Governmental Activities net assets at September 30, 2004, increased \$2,022,245 from the prior year. The County's Business Activities net assets decreased \$516,562 from the prior year.

At the end of the current year, the County's governmental funds reported an ending fund balance of \$11,800,407. Of this amount, \$11,281,264 is available for spending (unreserved fund balance) on behalf of its citizens.

The General Fund's unreserved fund balance is \$1,332,040 at the end of the current fiscal year.

The County's cash and cash equivalents, unrestricted, as of September 30, 2004, are \$16,376,901.

#### Overview of the Financial Statements

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

**Government-wide financial statements.** These statements are designed to provide readers with a broad overview of Bonner County's finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all County governmental and business-type assets and liabilities, with the difference reported as net assets.

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

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

# Bonner County, Idaho

## Sandpoint, Idaho

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### Management's Discussion and Analysis

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#### Overview of the Financial Statements (continued)

The government-wide financial statements contain information relative only to Bonner County itself and none of the 40 plus/minus other taxing districts housed within its boundaries. They are public entities unto themselves.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bonner County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Bonner County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* – This category houses the operations for all departments except for Solid Waste. The Solid Waste operations are our only *Proprietary Fund*. The *Fiduciary Funds* are those dollars that we hold in trust for other agencies and taxing districts.

An excellent explanation of these funds can be found in Note 1 of this report.

**Notes to Financial Statements.** For an overview of Bonner County and its operations one should refer to the *Notes* which are an integral part of this report. There, discussion is had concerning the structure of the various offices; how and why our funds are established; when we call for budgets; how changes to a budget can be made once adopted; information concerning our long-term debt, fixed assets, and leases.

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

#### Governmental-wide Financial Analysis

The previous audit report was the first one done wherein Bonner County began the process of complying with the requirements of GASB 34. This current audit report is the first opportunity for the County to provide a comparative analysis of the government-wide data presented. The comparisons will be found in tables throughout this section. As you examine the tables you will find all of our activities, except solid waste, listed under Governmental Activities. Solid Waste information is located under the headings noted as Business-Type Activities.



# Bonner County, Idaho

## Sandpoint, Idaho

### Management's Discussion and Analysis

#### Governmental-wide Financial Analysis (continued)

Table 1 -- summarizes the County's net assets for 2004 compared to 2003:

| Bonner County's Net Assets                      |                         |               |                          |              |               |               |                             |
|---|-------------------------|---------------|--------------------------|--------------|---------------|---------------|-----------------------------|
|   | Governmental activities |               | Business-type activities |              | Total         |               | Percentage change 2003-2004 |
|   | 2004                    | 2003          | 2004                     | 2003         | 2004          | 2003          |                             |
| Current and other assets                        | \$ 31,367,364           | \$ 29,866,217 | \$ 3,471,240             | \$ 3,885,674 | \$ 34,838,604 | \$ 33,751,891 | 3.2%                        |
| Capital assets                                  | 7,495,252               | 4,421,244     | 1,568,324                | 1,590,177    | 9,063,576     | 6,011,421     | 50.8%                       |
| Total assets                                    | 38,862,616              | 34,287,461    | 5,039,564                | 5,475,851    | 43,902,180    | 39,763,312    | 10.4%                       |
| Long-term liabilities outstanding               | 1,526,904               | 2,385,012     | 4,873                    | 2,226        | 1,531,777     | 2,387,238     | -35.8%                      |
| Other liabilities                               | 19,857,706              | 17,545,107    | 545,104                  | 467,476      | 20,402,810    | 18,012,583    | 13.3%                       |
| Total liabilities                               | 21,384,610              | 19,930,119    | 549,977                  | 469,702      | 21,934,587    | 20,399,821    | 7.5%                        |
| Net assets:                                     |                         |               |                          |              |               |               |                             |
| Invested in capital assets, net of related debt | 5,005,379               | 1,690,955     | 1,568,324                | 1,590,177    | 6,573,703     | 3,281,132     | 100.3%                      |
| Restricted                                      | -                       | -             | 664,977                  | 664,977      | 664,977       | 664,977       | 0.5%                        |
| Unrestricted                                    | 12,472,627              | 12,666,387    | 2,256,286                | 2,750,995    | 14,728,913    | 15,417,382    | -4.5%                       |
| Total net assets                                | \$ 17,478,006           | \$ 14,357,342 | \$ 4,489,587             | \$ 5,006,149 | \$ 21,967,593 | \$ 19,363,491 | 13.5%                       |

The implementation of GASB 34 has had a profound impact upon the County financial statements, increasing both the current assets and related current liabilities for the subsequent year's property tax of \$14,404,662. As noted earlier, the County's net assets, when reviewed over time, may serve as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$21,967,593 (\$17,478,006 in governmental activities and \$4,489,587 in business activities) as of September 30, 2004. By far, the largest portion of the County's net assets (30 percent) reflects its investment in capital assets (e.g., land and improvements, buildings and building improvements, improvements other than buildings, machinery and equipment, vehicles, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (3 percent) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$14,728,913) may be used to meet the County's ongoing obligations to citizens and creditors.

Net assets may serve over time as a useful indicator of a government's financial position. At the end of the current fiscal year, Bonner County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

# Bonner County, Idaho

## Sandpoint, Idaho

### Management's Discussion and Analysis

#### Governmental-wide Financial Analysis (continued)

Table 2 – shows the changes in net assets for 2004:

| Bonner County's Changes in Net Assets |                         |              |                          |              |              |              |                                |
|---------------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|--------------------------------|
|                                       | Governmental activities |              | Business-type activities |              | Total        |              | Percentage change<br>2003-2004 |
|                                       | 2004                    | 2003         | 2004                     | 2003         | 2004         | 2003         |                                |
| Revenues:                             |                         |              |                          |              |              |              |                                |
| Program revenues:                     |                         |              |                          |              |              |              |                                |
| Charges for services                  | \$ 1,217,761            | \$ 1,447,115 | \$ 1,114,051             | \$ 1,152,495 | \$ 2,331,812 | \$ 2,599,610 | -10.3%                         |
| Operating grants and contributions    | 4,243,801               | 3,902,252    | -                        | -            | 4,243,801    | 3,902,252    | 8.8%                           |
| Capital grants and contributions      | 1,060,429               | 406,345      | -                        | -            | 1,060,429    | 406,345      | 161.0%                         |
| General revenues:                     |                         |              |                          |              |              |              |                                |
| Property taxes                        | 14,459,101              | 13,035,168   | -                        | -            | 14,459,101   | 13,035,168   | 10.9%                          |
| Other taxes                           | 258,197                 | 287,717      | 1,493,095                | 1,446,740    | 1,751,292    | 1,734,457    | 1.0%                           |
| Other                                 | 3,808,414               | 4,279,141    | 67,712                   | 55,255       | 3,876,126    | 4,334,396    | -10.6%                         |
| Total revenues                        | 25,047,703              | 23,357,738   | 2,674,858                | 2,654,490    | 27,722,561   | 26,012,228   | 6.6%                           |
| Expenses:                             |                         |              |                          |              |              |              |                                |
| General government                    | 6,447,649               | 6,002,956    | -                        | -            | 6,447,649    | 6,002,956    | 7.4%                           |
| Public safety                         | 9,159,643               | 8,262,144    | -                        | -            | 9,159,643    | 8,262,144    | 10.9%                          |
| Highways and streets                  | 5,771,703               | 5,959,812    | -                        | -            | 5,771,703    | 5,959,812    | -3.2%                          |
| Sanitation                            | 128,241                 | 138,606      | -                        | -            | 128,241      | 138,606      | -7.5%                          |
| Health                                | 213,593                 | 207,956      | -                        | -            | 213,593      | 207,956      | 2.7%                           |
| Welfare                               | 459,181                 | 405,527      | -                        | -            | 459,181      | 405,527      | 13.2%                          |
| Education                             | 352,001                 | 344,220      | -                        | -            | 352,001      | 344,220      | 2.3%                           |
| Culture and recreation                | 331,685                 | 442,436      | -                        | -            | 331,685      | 442,436      | -25.0%                         |
| Interest on long-term debt            | 161,762                 | 164,461      | -                        | -            | 161,762      | 164,461      | -1.6%                          |
| Solid waste                           | -                       | -            | 3,191,420                | 2,938,271    | 3,191,420    | 2,938,271    | 8.6%                           |
| Total expenses                        | 23,025,458              | 21,928,118   | 3,191,420                | 2,938,271    | 26,216,878   | 24,866,389   | 5.4%                           |
| Change in net assets                  | \$ 2,022,245            | \$ 1,429,620 | \$ (516,562)             | \$ (283,781) | \$ 1,505,683 | \$ 1,145,839 | 31.4%                          |

#### Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$1,217,761 or 6.0 percent of total governmental revenues. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

The County's grant revenues from Federal and State sources made up \$5,304,230 or 13.3 percent of total governmental revenues. The major recipients of intergovernmental program revenues were the Road and Bridge, Justice, Airport, and Grants.

Property tax revenues account for \$14,459,101 of the \$25,047,703 total revenues for governmental activities, or 57.70 percent of total revenues.

# Bonner County, Idaho

## Sandpoint, Idaho

### Management's Discussion and Analysis

#### Governmental Activities (continued)

Public safety accounted for \$9,159,643 of the \$23,025,458 total expenses for governmental activities, or 39.8 percent of total expenses. The next largest program was General Government, accounting for \$6,447,649 and representing 28.0 percent of total governmental expenses.

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

Net Cost of Bonner County's Government Activities  
as of September 30, 2004 and 2003

|                            | Total Cost<br>of Services |               | Percentage<br>change<br>2003-2004 | Net Cost<br>of Service |               | Percentage<br>change<br>2003-2004 |
|----------------------------|---------------------------|---------------|-----------------------------------|------------------------|---------------|-----------------------------------|
|                            | 2004                      | 2003          |                                   | 2004                   | 2003          |                                   |
| General government         | \$ 6,447,649              | \$ 6,002,956  | 7.4%                              | \$ 4,907,070           | \$ 5,195,548  | -5.6%                             |
| Public safety              | 9,159,643                 | 8,262,144     | 10.9%                             | 7,268,868              | 6,483,460     | 12.1%                             |
| Highways and streets       | 5,771,703                 | 5,959,812     | -3.2%                             | 2,875,194              | 3,018,220     | -4.7%                             |
| Sanitation                 | 128,241                   | 138,606       | -7.5%                             | 109,931                | 106,225       | 3.5%                              |
| Health                     | 213,593                   | 207,956       | 2.7%                              | 203,668                | 198,003       | 2.9%                              |
| Welfare                    | 459,181                   | 405,527       | 13.2%                             | 459,181                | 405,527       | 13.2%                             |
| Education                  | 352,001                   | 344,220       | 2.3%                              | 352,001                | 344,220       | 2.3%                              |
| Culture and recreation     | 331,685                   | 442,436       | -25.0%                            | 165,792                | 256,742       | -35.4%                            |
| Interest on long-term debt | 161,762                   | 164,461       | -1.6%                             | 161,762                | 164,461       | -1.6%                             |
| Total                      | \$ 23,025,458             | \$ 21,928,118 | 5.5%                              | \$ 16,503,467          | \$ 16,172,406 | 2.0%                              |

Charges for services and operating grants of \$6,521,991 (28.3 percent of the total costs of services) are received and used to fund the general government expenses of the County. The remaining \$16,503,467 in general government expenses are funded by property taxes, sales taxes, and intergovernmental revenues.

#### Business-Type Activities

The net assets for business-type activities decreased by \$516,562 during 2004 and the major revenue sources were charges for services of \$1,114,051.

#### Overall Financial Position

**Governmental Funds:** The major funds include our General (Current Expense), Road and Bridge, and our Justice Fund. Two of these, General and Justice Fund, saw an increase in utilization of the reserves maintained to finance our first quarter operations. In the Justice Fund, reserves were used to make an interest bearing loan to the Ambulance District enabling it to begin operations prior to the arrival of anticipated tax reviews in January 2006. Additional reserves were used to purchase licenses and operating equipment when Bonner County assumed the duties and responsibilities of handling the 911 dispatch services. While our reserves now fall below the thirty percent usually maintained, the fund still remains strong. In early 2005, we anticipate selling the Schlotzky building that was obtained last year. The building was originally paid for with reserves from the General Fund and this sale will replenish those.

# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Management's Discussion and Analysis**

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#### **Overall Financial Position (continued)**

**Enterprise Fund:** Last year we reported a concern wherein our usual operating expenses continued to exceed the revenue generated. This forced us to continually supplant our every-day operations by using funds that had been set aside to pay for major building projects in our solid waste operations as our community grows and our needs increase. The Board of County Commissioners resolved this problem by implementing a new fee schedule. Our revenues from this source will begin to be realized in 2005.

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

#### **Capital Assets and Long-Term Debt**

This report reflects an increase in our Capital Assets of major proportions totally about \$3 million. The majority of this increase is solely attributable to Bonner County assuming full responsibility for the County-wide 911 Emergency Communications. Previously, these duties had been handled by the City of Sandpoint. Our assumption of these duties required the expenditure of funds to bring the 911 equipment to the established standards for such an operation.

Progress was made this fiscal year in reducing our long-term liabilities which are comprised of compensated absences, special assessments and leases payable. As of September 30, 2004, our *Governmental Activities* show a reduction of \$858,108 over the previous fiscal year. Although our *Business-type Activities* show an increase, it is nominal, resulting in an overall reduction of this liability of 35.83%.

Please see the tables titled *Bonner County's Net Assets* and *Bonner County's Changes in Net Assets* for further detail regarding these comments. These tables are an integral part of the *Management's Discussion and Analysis Report*.

#### **Budget Variations**

Developing a budget is not an exact science. It is the best estimate available at the time of projection of the revenues you anticipate receiving and of the expenses you think you might incur during the next fiscal year. For the fiscal year ended September 30, 2004, there were no funds for which expenditures exceeded appropriations. There were also no funds with a deficit fund balance.

# Bonner County, Idaho

## Sandpoint, Idaho

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### Management's Discussion and Analysis

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#### Economic and Other Factors Affecting Next Year's Operations

##### **Local Economy:**

While other areas in the State are experiencing a negative growth resulting in reduced market valuations, Bonner County is still growing. Our median family income for 1998 was \$33,700 while in the State as a whole it was \$41,300. Both of these compare to the United States that had a median family income of \$45,300 for the same time period. The higher competition for jobs in the County tends to keep wages low. The past 40 years has also seen a shift in focus of those jobs from timber based to service based. However, the rapid population increases of the past few decades has led to a doubling of construction jobs since 1990 and a tripling of them since 1988. Retail trade has grown rapidly, spurred by population growth, rising incomes, expansion of tourism, and the past expansion of Coldwater Creek. The growth of Lighthouse and the opening of other firms also contributed to manufacturing growth. [Source: Regional Economic Profile, Idaho Dept. of Labor]

Bonner County is a rural county rather than an urban one. The following table shows the areas of growth in Bonner County for the past 40 years. [Source: Idaho Vital Statistics Annual Report]

| Entity        | 1970   | 1980   | 1990   | 2000   |
|---------------|--------|--------|--------|--------|
| Bonner County | 15,560 | 24,163 | 26,622 | 36,835 |
| Clark Fork    | 367    | 449    | 448    | 530    |
| Dover         |        |        | 294    | 342    |
| East Hope     | 175    | 258    | 215    | 200    |
| Hope          | 63     | 106    | 99     | 79     |
| Kootenai      | 168    | 280    | 327    | 441    |
| Oldtown       | 161    | 257    | 151    | 190    |
| Ponderay      | 275    | 398    | 449    | 638    |
| Priest River  | 1,493  | 1,639  | 1,560  | 1,754  |
| Sandpoint     | 4,144  | 4,460  | 5,203  | 6,835  |

In addition to the nine incorporated cities noted in the above table, Bonner County is home to 40 plus/minus taxing districts each of which elects its own governing board and has the authority to levy taxes. Many of these taxing districts have experienced significant growth and an increase in the demand for services that such growth generates.

# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Management's Discussion and Analysis**

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#### **Economic and Other Factors Affecting Next Year's Operations (continued)**

##### **County Operations:**

- Although Bonner County had purchased property with the intent of relocating some of our offices, we ended up selling that property within a few months of the announcement that Home Depot would be opening a business in our County. Too, we have abandoned the plans to obtain the Federal Building for additional expansion opportunities. While no immediate relocation plans currently exist, the topic itself has not been abandoned.
- Prior to the close of this fiscal year Bonner County assumed responsibility for the 911 operations with an effective date of October 1, 2004. Limited financial activity regarding this took place during the current fiscal year.
- Establishing ambulance service became a priority for Bonner County toward the end of this fiscal year when Big Sky Ambulance Service had to close its doors due to financial woes with little advance warning. The Board of County Commissioners established a new, independent, taxing district in Bonner County to meet these needs, as it is a taxing district in its own right with its own levying authority. As such, it is part of our agency accounts. However, because its governing board is the Board of County Commissioners for Bonner County, financial activities and administrative support are provided to this District by Bonner County.

#### **Requests for Information**

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

**Marie Scott  
Bonner County Clerk  
Bonner County Courthouse  
215 South First Avenue  
Sandpoint, Idaho 83864**

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Net Assets

September 30, 2004

|   | Primary Government      |                          | Total               |
|---|-------------------------|--------------------------|---------------------|
|   | Governmental Activities | Business-type Activities |                     |
| <b>ASSETS:</b>                                    |                         |                          |                     |
| Cash and cash equivalents                         | \$13,821,926            | \$ 2,554,975             | \$16,376,901        |
| Receivables, net of allowance for uncollectibles: |                         |                          |                     |
| Taxes   | 15,105,332              | -                        | 15,105,332          |
| Fees  | -                       | 137,491                  | 137,491             |
| Interest  | 21,493                  | -                        | 21,493              |
| Accounts  | 294,384                 | 113,650                  | 408,034             |
| Special assessments                               | 1,278,514               | -                        | 1,278,514           |
| Due from other governments                        | 758,979                 | -                        | 758,979             |
| Receivable from other funds                       | 19,005                  | -                        | 19,005              |
| Prepaid expenses                                  | 2,889                   | 147                      | 3,036               |
| Restricted assets:                                |                         |                          |                     |
| Cash  | 64,842                  | 664,313                  | 729,155             |
| Cash on deposit with fiscal agent                 | -                       | 664                      | 664                 |
| Capital assets:                                   |                         |                          |                     |
| Land  | -                       | 57,500                   | 57,500              |
| Other capital assets, net of depreciation         | 7,495,252               | 1,510,824                | 9,006,076           |
| Total assets                                      | <u>38,862,616</u>       | <u>5,039,564</u>         | <u>43,902,180</u>   |
| <b>LIABILITIES:</b>                               |                         |                          |                     |
| Warrants payable                                  | 2,271,565               | 519,033                  | 2,790,598           |
| Vouchers payable                                  | 303,437                 | -                        | 303,437             |
| Accrued payroll                                   | 184,352                 | 8,634                    | 192,986             |
| Accrued retirement payable                        | 22,846                  | 1,740                    | 24,586              |
| Accrued interest payable                          | 35,196                  | -                        | 35,196              |
| Payable to funds                                  | 18,000                  | -                        | 18,000              |
| Deferred revenue                                  | 15,581,322              | -                        | 15,581,322          |
| Long-term liabilities:                            |                         |                          |                     |
| Due within one year:                              |                         |                          |                     |
| Compensated absences                              | 393,410                 | 15,697                   | 409,107             |
| Special assessment bonds payable                  | 190,000                 | -                        | 190,000             |
| Leases payable                                    | 857,578                 | -                        | 857,578             |
| Due in more than one year:                        |                         |                          |                     |
| Compensated absences                              | 84,609                  | 4,873                    | 89,482              |
| Special assessment bonds payable                  | 1,085,000               | -                        | 1,085,000           |
| Leases payable                                    | 357,295                 | -                        | 357,295             |
| Total liabilities                                 | <u>21,384,610</u>       | <u>549,977</u>           | <u>21,934,587</u>   |
| <b>NET ASSETS:</b>                                |                         |                          |                     |
| Invested in capital assets, net of related debt   | 5,005,379               | 1,568,324                | 6,573,703           |
| Restricted for:                                   |                         |                          |                     |
| Debt retirement                                   | -                       | 664                      | 664                 |
| Capital improvements                              | -                       | 664,313                  | 664,313             |
| Unrestricted                                      | <u>12,472,627</u>       | <u>2,256,286</u>         | <u>14,728,913</u>   |
| Total net assets                                  | <u>\$17,478,006</u>     | <u>\$ 4,489,587</u>      | <u>\$21,967,593</u> |

See accompanying notes to financial statements.

# Bonner County, Idaho Sandpoint, Idaho

## Statement of Activities

Year Ended September 30, 2004

| Functions/Programs                          | Program Revenues |                         |  |              | Net (Expense) Revenue and<br>Changes in Net Assets |   |                |
|---|------------------|-------------------------|--|--------------|--|---|----------------|
|   | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions |              | Governmental<br>Activities                         | Primary Government<br>Business-type<br>Activities |                |
|   |                  |                         | Capital<br>Contributions                 | Total        |  |   |                |
| Primary government:                         |                  |                         |  |              |  |   |                |
| Governmental activities:                    |                  |                         |  |              |  |   |                |
| General government                          | \$ 6,447,649     | \$ 503,753              | \$ 158,329                               | \$ 878,497   | \$ (4,907,070)                                     | \$ -  | \$ (4,907,070) |
| Public safety                               | 9,159,643        | 704,083                 | 1,134,653                                | 52,039       | (7,268,868)  | -   | (7,268,868)    |
| Highways and streets                        | 5,771,703        | -                       | 2,896,509                                | -            | (2,875,194)  | -   | (2,875,194)    |
| Sanitation                                  | 128,241          | -                       | 18,310                                   | -            | (109,931)  | -   | (109,931)      |
| Health                                      | 213,593          | 9,925                   | -  | -            | (203,668)  | -   | (203,668)      |
| Welfare                                     | 459,181          | -                       | -  | -            | (459,181)  | -   | (459,181)      |
| Education                                   | 352,001          | -                       | -  | -            | (352,001)  | -   | (352,001)      |
| Culture and recreation                      | 331,685          | -                       | 36,000                                   | 129,893      | (165,792)  | -   | (165,792)      |
| Interest on long-term debt                  | 161,762          | -                       | -  | -            | (161,762)  | -   | (161,762)      |
| Total governmental activities               | 23,025,458       | 1,217,761               | 4,243,801                                | 1,060,429    | (16,503,467)                                       | -   | (16,503,467)   |
| Business-type activities:                   |                  |                         |  |              |  |   |                |
| Solid waste                                 | 3,191,420        | 1,114,051               | -  | -            | -  | (2,077,369)                                       | (2,077,369)    |
| Total business-type activities              | 3,191,420        | 1,114,051               | -  | -            | -  | (2,077,369)                                       | (2,077,369)    |
|   | \$ 26,216,878    | \$ 2,331,812            | \$ 4,243,801                             | \$ 1,060,429 | (16,503,467)                                       | (2,077,369)                                       | (18,580,836)   |
| General revenues:                           |                  |                         |  |              |  |   |                |
| Taxes:                                      |                  |                         |  |              |  |   |                |
| Property taxes, levied for general purposes |                  |                         |  |              | 14,459,101   | -   | 14,459,101     |
| Special assessments                         |                  |                         |  |              | 258,197  | 1,493,095   | 1,751,292      |
| Licenses and permits                        |                  |                         |  |              | 850,963  | -   | 850,963        |
| Intergovernmental revenues                  |                  |                         |  |              | 1,936,894  | -   | 1,936,894      |
| Fines and forfeitures                       |                  |                         |  |              | 196,360  | -   | 196,360        |
| Miscellaneous                               |                  |                         |  |              | 562,911  | 67,712  | 630,623        |
| Interest and investment earnings            |                  |                         |  |              | 261,286  | -   | 261,286        |
| Total general revenues and special items    |                  |                         |  |              | 18,525,712   | 1,560,807   | 20,086,519     |
| Change in net assets                        |                  |                         |  |              | 2,022,245  | (516,562)   | 1,505,683      |
| Net assets, beginning, as restated          |                  |                         |  |              | 15,455,761   | 5,006,149   | 20,461,910     |
| Net assets, ending                          |                  |                         |  |              | \$ 17,478,006                                      | \$ 4,489,587                                      | \$ 21,967,593  |

See accompanying notes to financial statements.



# Bonner County, Idaho

## Sandpoint, Idaho

### Combined Balance Sheet - Governmental Funds

September 30, 2004

|  | General             | Justice             | Road and<br>Bridge  | Debt<br>Service     | Other<br>Governmental | Total<br>Governmental |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|
| <b>Assets</b>  |                     |                     |                     |                     |                       |                       |
| Cash and cash equivalents                            | \$ 1,464,189        | \$ 3,794,371        | \$ 2,089,359        | \$ 450,737          | \$ 6,023,270          | \$ 13,821,926         |
| Receivables, net of allowance for<br>uncollectibles: |                     |                     |                     |                     |                       |                       |
| Taxes  | 94,060              | 397,891             | -                   | -                   | 208,719               | 700,670               |
| Interest   | 21,386              | -                   | -                   | -                   | 107                   | 21,493                |
| Accounts   | 123,415             | 55,130              | 18,170              | -                   | 97,669                | 294,384               |
| Special assessments                                  | -                   | -                   | 238,275             | 1,040,239           | -                     | 1,278,514             |
| Due from other governments                           | -                   | 46,408              | -                   | -                   | 712,571               | 758,979               |
| Due from other funds                                 | -                   | -                   | -                   | -                   | 19,005                | 19,005                |
| Prepaid expenses                                     | 646                 | 1,291               | 340                 | -                   | 612                   | 2,889                 |
| Restricted assets:                                   |                     |                     |                     |                     |                       |                       |
| Cash   | -                   | -                   | -                   | 64,842              | -                     | 64,842                |
| Total assets   | <u>\$ 1,703,696</u> | <u>\$ 4,295,091</u> | <u>\$ 2,346,144</u> | <u>\$ 1,555,818</u> | <u>\$ 7,061,953</u>   | <u>\$ 16,962,702</u>  |
| <b>Liabilities and Fund Balances</b>                 |                     |                     |                     |                     |                       |                       |
| <b>LIABILITIES:</b>                                  |                     |                     |                     |                     |                       |                       |
| Warrants payable                                     | \$ 203,853          | \$ 803,723          | \$ 389,598          | \$ -                | \$ 874,391            | \$ 2,271,565          |
| Vouchers payable                                     | 657                 | 2,851               | 357                 | -                   | 299,572               | 303,437               |
| Accrued payroll                                      | 27,404              | 100,829             | 28,539              | -                   | 27,580                | 184,352               |
| Accrued retirement payable                           | 3,057               | 13,419              | 3,785               | -                   | 2,585                 | 22,846                |
| Due to other funds                                   | -                   | -                   | -                   | -                   | 18,000                | 18,000                |
| Deferred revenue                                     | 87,863              | 370,912             | 225,236             | 1,036,675           | 247,999               | 1,968,685             |
| Compensated absences payable                         | 48,822              | 228,760             | 74,399              | -                   | 41,429                | 393,410               |
| Total liabilities                                    | <u>371,656</u>      | <u>1,520,494</u>    | <u>721,914</u>      | <u>1,036,675</u>    | <u>1,511,556</u>      | <u>5,162,295</u>      |
| <b>FUND BALANCES:</b>                                |                     |                     |                     |                     |                       |                       |
| Reserved for:  |                     |                     |                     |                     |                       |                       |
| Debt service   | -                   | -                   | -                   | 519,143             | -                     | 519,143               |
| Unreserved, reported in:                             |                     |                     |                     |                     |                       |                       |
| General fund   | 1,332,040           | -                   | -                   | -                   | -                     | 1,332,040             |
| Special revenue fund                                 | -                   | 2,774,597           | 1,624,230           | -                   | 4,440,417             | 8,839,244             |
| Capital projects fund                                | -                   | -                   | -                   | -                   | 1,109,980             | 1,109,980             |
| Total fund balances                                  | <u>1,332,040</u>    | <u>2,774,597</u>    | <u>1,624,230</u>    | <u>519,143</u>      | <u>5,550,397</u>      | <u>11,800,407</u>     |
| Total liabilities and<br>fund balances               | <u>\$ 1,703,696</u> | <u>\$ 4,295,091</u> | <u>\$ 2,346,144</u> | <u>\$ 1,555,818</u> | <u>\$ 7,061,953</u>   | <u>\$ 16,962,702</u>  |

See accompanying notes to financial statements.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

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**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets**

**September 30, 2004**

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|  |                |                            |
|--|----------------|----------------------------|
| Total fund balances as shown on the Governmental Funds Balance Sheet   |                | \$11,800,407               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This amount reflects the initial investment in capital assets, net of depreciation, at September 30, 2004. |                | 7,495,252                  |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:   |                |                            |
| Property taxes   |                | 792,025                    |
| Long-term liabilities, including capital leases payable and accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds:  |                |                            |
| Capital leases payable   | \$ (1,214,873) |                            |
| Special assessment bonds payable   | (1,275,000)    |                            |
| Compensated absences   | (84,609)       |                            |
| Accrued interest payable   | (35,196)       |                            |
|  |                | <u>(2,609,678)</u>         |
| Total net assets as shown on the statement of net assets   |                | <u><u>\$17,478,006</u></u> |

See accompanying notes to financial statements.

# Bonner County, Idaho

## Sandpoint, Idaho

### Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended September 30, 2004

|   | General             | Justice             | Road and<br>Bridge  | Debt<br>Service   | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|---------------------|-------------------|--------------------------------|--------------------------------|
| <b>REVENUES:</b>  |                     |                     |                     |                   |                                |                                |
| Taxes   | \$ 1,512,865        | \$ 6,026,204        | \$ 3,273,290        | \$ -              | \$ 3,734,075                   | \$ 14,546,434                  |
| Licenses and permits                                    | 452,235             | 246,284             | -                   | -                 | 152,444                        | 850,963                        |
| Intergovernmental                                       | 368,124             | 1,318,525           | 2,548,532           | -                 | 3,005,943                      | 7,241,124                      |
| Charges for services                                    | 473,847             | 674,576             | -                   | -                 | 69,338                         | 1,217,761                      |
| Fines   | -                   | -                   | -                   | -                 | 196,360                        | 196,360                        |
| Special assessments                                     | -                   | -                   | -                   | 258,087           | 110                            | 258,197                        |
| Interest income   | 260,996             | -                   | -                   | -                 | 290                            | 261,286                        |
| Miscellaneous   | 74,717              | 47,372              | 73,928              | -                 | 366,894                        | 562,911                        |
| Total revenues  | <u>3,142,784</u>    | <u>8,312,961</u>    | <u>5,895,750</u>    | <u>258,087</u>    | <u>7,525,454</u>               | <u>25,135,036</u>              |
| <b>EXPENDITURES:</b>                                    |                     |                     |                     |                   |                                |                                |
| Current:  |                     |                     |                     |                   |                                |                                |
| General government                                      | 3,332,402           | -                   | -                   | -                 | 3,883,135                      | 7,215,537                      |
| Public safety   | 125,942             | 8,123,639           | -                   | -                 | 727,492                        | 8,977,073                      |
| Highways and streets                                    | -                   | -                   | 4,363,980           | -                 | 478,284                        | 4,842,264                      |
| Sanitation  | -                   | -                   | -                   | -                 | 128,241                        | 128,241                        |
| Health  | -                   | -                   | -                   | -                 | 213,593                        | 213,593                        |
| Welfare   | -                   | -                   | -                   | -                 | 457,762                        | 457,762                        |
| Education   | -                   | -                   | -                   | -                 | 352,001                        | 352,001                        |
| Culture and recreation                                  | -                   | -                   | -                   | -                 | 307,652                        | 307,652                        |
| Capital outlay  | 43,616              | 986,014             | 862,754             | -                 | 413,485                        | 2,305,869                      |
| Debt service:   |                     |                     |                     |                   |                                |                                |
| Principal   | -                   | 19,281              | 202,708             | 180,000           | -                              | 401,989                        |
| Interest and fiscal charges                             | -                   | 887                 | 65,774              | 99,866            | -                              | 166,527                        |
| Total expenditures                                      | <u>3,501,960</u>    | <u>9,129,821</u>    | <u>5,495,216</u>    | <u>279,866</u>    | <u>6,961,645</u>               | <u>25,368,508</u>              |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(359,176)</u>    | <u>(816,860)</u>    | <u>400,534</u>      | <u>(21,779)</u>   | <u>563,809</u>                 | <u>(233,472)</u>               |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                     |                     |                     |                   |                                |                                |
| Operating transfers in (out)                            | (55,041)            | (136,556)           | -                   | -                 | 191,597                        | -                              |
| Capital leases  | -                   | -                   | 161,572             | -                 | -                              | 161,572                        |
| Total other financing<br>sources (uses)                 | <u>(55,041)</u>     | <u>(136,556)</u>    | <u>161,572</u>      | <u>-</u>          | <u>191,597</u>                 | <u>161,572</u>                 |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <u>(414,217)</u>    | <u>(953,416)</u>    | <u>562,106</u>      | <u>(21,779)</u>   | <u>755,406</u>                 | <u>(71,900)</u>                |
| <b>FUND BALANCES, BEGINNING<br/>OF YEAR</b>             | <u>1,746,257</u>    | <u>3,728,013</u>    | <u>1,062,124</u>    | <u>540,922</u>    | <u>4,794,991</u>               | <u>11,872,307</u>              |
| <b>FUND BALANCES, END OF YEAR</b>                       | <u>\$ 1,332,040</u> | <u>\$ 2,774,597</u> | <u>\$ 1,624,230</u> | <u>\$ 519,143</u> | <u>\$ 5,550,397</u>            | <u>\$ 11,800,407</u>           |

See accompanying notes to financial statements.

**Reconciliation of the Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities - Governmental Funds**

|   |             |
|---|-------------|
| Net changes in fund balances - total governmental funds | \$ (71,900) |
|---|-------------|

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (87,333)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|   |             |
|---|-------------|
| Change in net assets, as reflected on the statement of activities | \$2,022,245 |
|---|-------------|

**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Budget and Actual - General Fund**

**Year Ended September 30, 2004**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>      | <u>Variance<br/>Over<br/>(Under)</u> |
|---|-------------------------|------------------|--------------------|--------------------------------------|
|   | <u>Original</u>         | <u>Final</u>     |                    |                                      |
| <b>REVENUES:</b>  |                         |                  |                    |                                      |
| Taxes   | \$1,487,159             | \$1,487,159      | \$1,512,865        | \$ 25,706                            |
| Licenses and permits                                    | 401,830                 | 401,830          | 452,235            | 50,405                               |
| Intergovernmental                                       | 337,697                 | 337,697          | 368,124            | 30,427                               |
| Charges for services                                    | 426,702                 | 426,702          | 473,847            | 47,145                               |
| Interest income   | 344,100                 | 344,100          | 260,996            | (83,104)                             |
| Miscellaneous   | 46,897                  | 46,897           | 74,717             | 27,820                               |
| Total revenues  | <u>3,044,385</u>        | <u>3,044,385</u> | <u>3,142,784</u>   | <u>98,399</u>                        |
| <b>EXPENDITURES:</b>                                    |                         |                  |                    |                                      |
| Current:  |                         |                  |                    |                                      |
| General government                                      | 3,915,341               | 3,931,751        | 3,332,402          | 599,349                              |
| Public safety   | 136,074                 | 144,244          | 125,942            | 18,302                               |
| Capital outlay  | 53,506                  | 53,506           | 43,616             | 9,890                                |
| Total expenditures                                      | <u>4,104,921</u>        | <u>4,129,501</u> | <u>3,501,960</u>   | <u>627,541</u>                       |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | (1,060,536)             | (1,085,116)      | (359,176)          | 725,940                              |
| <b>OTHER FINANCING USES:</b>                            |                         |                  |                    |                                      |
| Operating transfers out                                 | -                       | -                | (55,041)           | (55,041)                             |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (1,060,536)             | (1,085,116)      | (414,217)          | 670,899                              |
| <b>FUND BALANCES,<br/>BEGINNING OF YEAR</b>             | <u>1,060,536</u>        | <u>1,085,116</u> | <u>1,746,257</u>   | <u>661,141</u>                       |
| <b>FUND BALANCES, END OF YEAR</b>                       | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$1,332,040</u> | <u>\$1,332,040</u>                   |

See accompanying notes to financial statements.

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Justice Fund

Year Ended September 30, 2004

|   | Budgeted Amounts |                  | Actual             | Variance<br>Over<br>(Under) |
|---|------------------|------------------|--------------------|-----------------------------|
|   | Original         | Final            |                    |                             |
| <b>REVENUES:</b>  |                  |                  |                    |                             |
| Taxes   | \$5,873,107      | \$5,873,107      | \$6,026,204        | \$ 153,097                  |
| Licenses and permits                                    | 218,090          | 218,090          | 246,284            | 28,194                      |
| Intergovernmental                                       | 1,337,762        | 1,337,762        | 1,318,525          | (19,237)                    |
| Charges for services                                    | 443,846          | 443,846          | 674,576            | 230,730                     |
| Miscellaneous   | 15,300           | 15,300           | 47,372             | 32,072                      |
| Total revenues  | <u>7,888,105</u> | <u>7,888,105</u> | <u>8,312,961</u>   | <u>424,856</u>              |
| <b>EXPENDITURES:</b>                                    |                  |                  |                    |                             |
| Current:  |                  |                  |                    |                             |
| Public safety   | 8,512,974        | 8,606,464        | 8,123,639          | 482,825                     |
| Debt service  |                  |                  |                    |                             |
| Principal   | 18,220           | 18,220           | 19,281             | (1,061)                     |
| Interest  | 838              | 838              | 887                | (49)                        |
| Capital outlay  | 32,573           | 1,021,849        | 986,014            | 35,835                      |
| Total expenditures                                      | <u>8,564,605</u> | <u>9,647,371</u> | <u>9,129,821</u>   | <u>517,550</u>              |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (676,500)        | (1,759,266)      | (816,860)          | 942,406                     |
| <b>OTHER FINANCING USES:</b>                            |                  |                  |                    |                             |
| Operating transfers out                                 | -                | -                | (136,556)          | (136,556)                   |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (676,500)        | (1,759,266)      | (953,416)          | 805,850                     |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>                 | <u>676,500</u>   | <u>1,759,266</u> | <u>3,728,013</u>   | <u>1,968,747</u>            |
| <b>FUND BALANCES, END OF YEAR</b>                       | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$2,774,597</u> | <u>\$2,774,597</u>          |

See accompanying notes to financial statements.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances -**

**Budget and Actual - Road and Bridge Fund**

**Year Ended September 30, 2004**

|   | Budgeted Amounts |                  | Actual             | Variance<br>Over<br>(Under) |
|---|------------------|------------------|--------------------|-----------------------------|
|   | Original         | Final            |                    |                             |
| <b>REVENUES:</b>  |                  |                  |                    |                             |
| Taxes   | \$3,127,325      | \$3,127,325      | \$3,273,290        | \$ 145,965                  |
| Intergovernmental                                       | 2,494,788        | 2,494,788        | 2,548,532          | 53,744                      |
| Miscellaneous   | 12,000           | 12,000           | 73,928             | 61,928                      |
| Total revenues  | <u>5,634,113</u> | <u>5,634,113</u> | <u>5,895,750</u>   | <u>261,637</u>              |
| <b>EXPENDITURES:</b>                                    |                  |                  |                    |                             |
| Current:  |                  |                  |                    |                             |
| Highways and streets                                    | 4,932,859        | 4,932,859        | 4,363,980          | 568,879                     |
| Debt service  |                  |                  |                    |                             |
| Principal   | 190,215          | 190,215          | 202,708            | (12,493)                    |
| Interest  | 61,720           | 61,720           | 65,774             | (4,054)                     |
| Capital outlay  | 633,731          | 1,065,997        | 862,754            | 203,243                     |
| Total expenditures                                      | <u>5,818,525</u> | <u>6,250,791</u> | <u>5,495,216</u>   | <u>755,575</u>              |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (184,412)        | (616,678)        | 400,534            | 1,017,212                   |
| <b>OTHER FINANCING SOURCES:</b>                         |                  |                  |                    |                             |
| Capital leases  | -                | -                | 161,572            | 161,572                     |
| <b>NET CHANGE IN FUND BALANCE</b>                       | (184,412)        | (616,678)        | 562,106            | 1,178,784                   |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>                 | <u>184,412</u>   | <u>616,678</u>   | <u>1,062,124</u>   | <u>445,446</u>              |
| <b>FUND BALANCES, END OF YEAR</b>                       | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$1,624,230</u> | <u>\$1,624,230</u>          |

See accompanying notes to financial statements.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Budget and Actual - Debt Service Fund**

**Year Ended September 30, 2004**

|   | <u>Budgeted Amounts</u> |                | <u>Actual</u>     | <u>Variance<br/>Over<br/>(Under)</u> |
|---|-------------------------|----------------|-------------------|--------------------------------------|
|   | <u>Original</u>         | <u>Final</u>   |                   |                                      |
| <b>REVENUES:</b>                        |                         |                |                   |                                      |
| Special assessments                     | \$ 250,025              | \$ 250,025     | \$ 258,087        | \$ 8,062                             |
| Miscellaneous                           | 5,000                   | 5,000          | -                 | (5,000)                              |
| Total revenues                          | <u>255,025</u>          | <u>255,025</u> | <u>258,087</u>    | <u>3,062</u>                         |
| <b>EXPENDITURES:</b>                    |                         |                |                   |                                      |
| Debt service:                           |                         |                |                   |                                      |
| Principal                               | 180,000                 | 180,000        | 180,000           | -                                    |
| Interest and fiscal charges             | 168,893                 | 168,893        | 99,866            | 69,027                               |
| Other                                   | 59,014                  | 59,014         | -                 | 59,014                               |
| Total expenditures                      | <u>407,907</u>          | <u>407,907</u> | <u>279,866</u>    | <u>128,041</u>                       |
| <b>NET CHANGE IN FUND BALANCE</b>       | (152,882)               | (152,882)      | (21,779)          | 131,103                              |
| <b>FUND BALANCES, BEGINNING OF YEAR</b> | <u>152,882</u>          | <u>152,882</u> | <u>540,922</u>    | <u>388,040</u>                       |
| <b>FUND BALANCES, END OF YEAR</b>       | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 519,143</u> | <u>\$ 519,143</u>                    |

See accompanying notes to financial statements.



**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Statement of Net Assets - Proprietary Funds**

**September 30, 2004**

|   | Business-type<br>Activities<br>Enterprise<br>Funds | <u>Solid Waste</u>        |
|---|--|---------------------------|
| <b>Assets</b>                                     |  |                           |
| <b>CURRENT ASSETS:</b>                            |  |                           |
| Cash and cash equivalents                         |  | \$2,554,975               |
| Receivables, net of allowance for uncollectibles: |  |                           |
| Fees  |  | 137,491                   |
| Accounts  |  | 113,650                   |
| Prepaid assets                                    |  | 147                       |
| Total current assets                              |  | <u>2,806,263</u>          |
| <b>NONCURRENT ASSETS:</b>                         |  |                           |
| Restricted assets:                                |  |                           |
| Cash  | \$ 664,313   |                           |
| Cash on deposit with fiscal agent                 | 664  |                           |
| Fixed assets, net of depreciation                 | <u>1,568,324</u>                                   |                           |
| Total noncurrent assets                           |  | <u>2,233,301</u>          |
| Total assets                                      |  | <u><u>\$5,039,564</u></u> |
| <b>Liabilities</b>                                |  |                           |
| <b>CURRENT LIABILITIES:</b>                       |  |                           |
| Warrants payable                                  |  | \$ 519,033                |
| Accrued payroll                                   |  | 8,634                     |
| Accrued retirement payable                        |  | 1,740                     |
| Compensated absences payable                      |  | 15,697                    |
| Total current liabilities                         |  | <u>545,104</u>            |
| <b>NONCURRENT LIABILITIES:</b>                    |  |                           |
| Compensated absences payable                      |  | <u>4,873</u>              |
| Total liabilities                                 |  | <u>549,977</u>            |
| <b>Net Assets</b>                                 |  |                           |
| Invested in capital assets, net of related debt   | \$1,568,324  |                           |
| Reserved for:                                     |  |                           |
| Debt retirement                                   | 664  |                           |
| Capital improvements                              | 664,313  |                           |
| Unrestricted                                      | <u>2,256,286</u>                                   |                           |
|   |  | <u>4,489,587</u>          |
| Total liabilities and net assets                  |  | <u><u>\$5,039,564</u></u> |

See accompanying notes to financial statements.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

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**Statement of Revenues, Expenses,  
and Changes in Fund Net Assets -  
Proprietary Funds**

**Year Ended September 30, 2004**

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|                                      | Business-type<br>Activities<br>Enterprise<br>Funds<br><u>Solid Waste</u> |
|--------------------------------------|--|
| <i>OPERATING REVENUES:</i>           |  |
| Charges for services                 | \$2,607,146  |
| Total operating revenues             | <u>2,607,146</u>   |
| <i>OPERATING EXPENSES:</i>           |  |
| Salaries                             | \$ 458,727   |
| Benefits                             | 188,980  |
| Other services and charges           | 2,367,779  |
| Depreciation                         | <u>175,934</u>   |
| Total operating expenses             | <u>3,191,420</u>   |
| <i>OPERATING LOSS</i>                | (584,274)  |
| <i>NONOPERATING REVENUES:</i>        |  |
| Penalties and interest               | 24,292   |
| Miscellaneous                        | <u>43,420</u>  |
| Total nonoperating revenues          | <u>67,712</u>  |
| <i>DECREASE IN NET ASSETS</i>        | (516,562)  |
| <i>NET ASSETS, BEGINNING OF YEAR</i> | <u>5,006,149</u>   |
| <i>NET ASSETS, END OF YEAR</i>       | <u><u>\$4,489,587</u></u>  |

See accompanying notes to financial statements.

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Cash Flows - Proprietary Funds

Year Ended September 30, 2004

Business-type  
Activities  
Enterprise  
Funds  
Solid Waste

#### *Increase (Decrease) in Cash and Cash Equivalents*

##### *CASH FLOWS FROM OPERATING ACTIVITIES:*

|   |                  |
|---|------------------|
| Cash received from customers                      | \$2,596,379      |
| Cash payments to suppliers for goods and services | (2,277,027)      |
| Cash payments to employees for services           | (658,331)        |
| Net cash used in operating activities             | <u>(338,979)</u> |

##### *CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:*

|                        |        |
|------------------------|--------|
| Miscellaneous receipts | 67,459 |
|------------------------|--------|

##### *CASH FLOWS USED IN CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES:*

|   |                  |
|---|------------------|
| Proceeds from sale of fixed assets                                  | \$ 6,200         |
| Acquisition of fixed assets   | <u>(160,028)</u> |
| Net cash used in capital financing and related financing activities | <u>(153,828)</u> |

##### *NET DECREASE IN CASH AND CASH EQUIVALENTS*

(425,348)

##### *CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR*

3,645,300

##### *CASH AND CASH EQUIVALENTS, END OF YEAR*

\$3,219,952

##### *CASH AND CASH EQUIVALENTS:*

|                                   |                           |
|-----------------------------------|---------------------------|
| Cash                              | \$2,554,975               |
| Restricted assets:                |                           |
| Cash                              | 664,313                   |
| Cash on deposit with fiscal agent | <u>664</u>                |
|                                   | <u><u>\$3,219,952</u></u> |

#### *Reconciliation of Operating Loss to Net Cash Used in Operating Activities:*

|  |                            |
|--|----------------------------|
| Operating loss   | \$ (584,274)               |
| Adjustments to reconcile operating loss to net<br>cash used in operating activities: |                            |
| Depreciation   | \$ 175,934                 |
| Changes in assets and liabilities:   |                            |
| Increase (decrease) in receivables:  |                            |
| Fees   | 5,890                      |
| Accounts   | (16,657)                   |
| Increase in prepaid expenses   | (147)                      |
| Increase in warrants payable   | 90,899                     |
| Decrease in accrued payroll  | (13,005)                   |
| Decrease in retirement payable   | (254)                      |
| Increase in compensated absences payable   | <u>2,635</u>               |
| Total adjustments  | <u>245,295</u>             |
| Net cash used in operating activities  | <u><u>\$ (338,979)</u></u> |

See accompanying notes to financial statements.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Statement of Fiduciary Net Assets - Fiduciary Funds**

**September 30, 2004**

|  | <u>Fiduciary Fund Types</u>                                      |                         | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--|-------------------------|---|
|  | <u>Employee 457<br/>Deferred<br/>Compensation<br/>Trust Fund</u> | <u>Agency<br/>Funds</u> |   |
| <b><i>Assets</i></b>                             |  |                         |   |
| Cash and cash equivalents                        | \$ 427,597   | \$1,039,611             | \$1,467,208                             |
| Receivable, net of allowance for uncollectibles: |  |                         |   |
| Taxes  | -  | 1,511,738               | 1,511,738                               |
| Receivable from other funds                      | -  | 18,000                  | 18,000                                  |
|  | <u>          </u>  | <u>          </u>       | <u>          </u>                       |
| Total assets                                     | <u>\$ 427,597</u>  | <u>\$2,569,349</u>      | <u>\$2,996,946</u>                      |
| <b><i>Liabilities and Net Assets</i></b>         |  |                         |   |
| <b><i>LIABILITIES:</i></b>                       |  |                         |   |
| Warrants payable                                 | \$ -   | \$ 45,306               | \$ 45,306                               |
| Accounts payable                                 | -  | 668,489                 | 668,489                                 |
| Due to other taxing districts                    | -  | 1,836,549               | 1,836,549                               |
| Payable to other funds                           | -  | 19,005                  | 19,005                                  |
| Deferred compensation payable                    | 427,597  | -                       | 427,597                                 |
| Total liabilities                                | <u>427,597</u>   | <u>2,569,349</u>        | <u>2,996,946</u>                        |
| <b><i>NET ASSETS:</i></b>                        |  |                         |   |
| Investments held in trust for participants       | -  | -                       | -                                       |
|  | <u>          </u>  | <u>          </u>       | <u>          </u>                       |
| Total liabilities and net assets                 | <u>\$ 427,597</u>  | <u>\$2,569,349</u>      | <u>\$2,996,946</u>                      |

See accompanying notes to financial statements.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

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**Statement of Changes in Fiduciary Net Assets -**  
**Fiduciary Funds**

**Year Ended September 30, 2004**

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|                                      |   |
|--------------------------------------|---|
|                                      | Employee<br>457<br>Deferred<br>Compensation<br>Trust Fund |
| <i>ADDITIONS:</i>                    |   |
| Trust receipts                       | \$ 75,128   |
| <i>DEDUCTIONS:</i>                   |   |
| Trust turnovers                      | <u>23,031</u>   |
| <i>CHANGE IN NET ASSETS</i>          | 52,097  |
| <i>NET ASSETS, BEGINNING OF YEAR</i> | <u>375,500</u>  |
| <i>NET ASSETS, END OF YEAR</i>       | <u><u>\$ 427,597</u></u>                                  |

See accompanying notes to financial statements.

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# Bonner County, Idaho

## Sandpoint, Idaho

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### Notes to Financial Statements

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#### ***NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:***

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##### *Organization:*

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.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*.

The County elected to implement the general provisions of the Statement during the 2003 fiscal year and plans to retroactively report infrastructure (assets acquired prior to September 1, 2002) in the fiscal year ending September 30, 2007.

##### *Summary of Significant Accounting Policies:*

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 Presentation** — The County's basic financial statements consist of the government-wide financial statements, including a statement of net assets and statement of activities, and fund financial statements, which provide a more detailed level of financial position.

**Government-wide and Fund Financial Statements** — Government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenue, are reported separate from business-type activities, which rely to a significant extent on fees and charges for support.

# Bonner County, Idaho

## Sandpoint, Idaho

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### Notes to Financial Statements

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

##### *Summary of Significant Accounting Policies (continued):*

##### *Government-wide and Fund Financial Statements (continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Fund financial statements are used to report additional detailed information about the primary government. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

**Fund Accounting** – The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, reserves, fund balance/net assets, revenues, and expenditures or expenses, as appropriate. The County has the following funds:

- a) **Governmental Funds** – Governmental fund types are those funds through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used; current liabilities are assigned to the fund from which they are paid; the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance.” The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the County’s major governmental funds:

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 *Justice Fund* accounts for the services and equipment used to provide for the public safety of the County.

The *Road and Bridge Fund* accounts for the design, construction, and maintenance of County roads.

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

The other governmental funds of the County are considered nonmajor and are as follows:

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 *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.

# Bonner County, Idaho

## Sandpoint, Idaho

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### Notes to Financial Statements

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

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##### *Summary of Significant Accounting Policies (continued):*

##### *Fund Accounting (continued)*

- b) **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 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.

- c) **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.

*Measurement Focus and Basis of Accounting* – the County adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, during the fiscal year ended September 30, 2003. The adoption of this statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the County's financial outlook.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as assets and deferred revenues in the year when an enforceable legal claim arises and the revenues are recognized as earned when the revenues are required to be used. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.



# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Notes to Financial Statements**

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

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##### *Summary of Significant Accounting Policies (continued):*

##### *Measurement Focus and Basis of Accounting (continued)*

Governmental fund financial statements 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.

The proprietary funds financial statements distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*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.
4. Repurchase agreements.

# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Notes to Financial Statements**

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

##### *Summary of Significant Accounting Policies (continued):*

*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, 2004.

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. All of the personal property taxes and one-half of 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.

*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.

*Capital Assets* — Capital assets including land, building, improvements, and equipment assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

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.

Public domain (infrastructure) general fixed assets (i.e., roads, bridges, sidewalks, and other assets that are immovable and of value only to the County) are capitalized under GASB Statement No. 34. The County has elected to defer the implementation of the capitalization of the infrastructure assets in the governmental activities column in the government-wide financial statements as allowed under GASB Statement No. 34 for the infrastructure acquired prior to October 1, 2003. The County is allowed a four-year period in which to capitalize the infrastructure assets and can prospectively account for the infrastructure over the next four years. All newly acquired infrastructure with the implementation of GASB Statement No. 34 is reported in the year acquired.

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

# Bonner County, Idaho

## Sandpoint, Idaho

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### Notes to Financial Statements

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

##### *Summary of Significant Accounting Policies (continued):*

Property, plant, and equipment are depreciated in the governmental or business-type activities columns in the government-wide financial statements using the straight-line method over the following estimated useful lives:

| <u>Assets</u>                     | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings                         | 40           |
| Improvements other than buildings | 10-20        |
| Equipment                         | 5-10         |

*Deferred Revenues* – Deferred revenues in the governmental funds represent amounts due, which are measurable, but not available.

*Compensated Absences* – It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. GASB codification specifies that a liability should be accrued for leave benefits that meet the following conditions:

1. The employer's obligation relative to employee rights to receive compensation for future absences is attributable to the employee services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the obligation is probable.
4. The amount can be reasonably estimated.

The County records a liability for accrued sick and vacation time when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. The County uses the vesting method to calculate the compensated absence liability.

In the proprietary fund, compensated absences are expended when earned. The entire amount of compensated absences is reported as a liability.

At September 30, 2004, total compensated absences payable by the County is \$498,589. Of this amount, \$478,019 arises from governmental activity operations and \$20,570 is attributable to business activity operations.

*Long-Term Obligations* – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type of statement of net assets. 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 appropriable for expenditure or legally segregated for a specific future use.

# Bonner County, Idaho

## Sandpoint, Idaho

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### Notes to Financial Statements

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

##### *Summary of Significant Accounting Policies (continued):*

*Net Assets* – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling of legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

*Interfund Transactions* – During the normal course of operations, the County has transactions between funds. The most significant types are operating transfer, reimbursements, and residual equity transfers.

1. Operating transfers – Operating transfers are transfers of resources from one fund to another fund, where the resources will be expended.
2. Reimbursements – Reimbursement from one fund to another are expended in the reimbursing fund; and reduce the revenues/expenditures of the fund being reimbursed.
3. Residual equity transfer – residual equity transfers are nonrecurring and nonroutine transfer of equity between funds, or the transfer of residual balances of discontinued funds or projects to the general fund, capital projects fund, or the debt service fund.

As a general rule the effect of the interfund activity has been eliminated from the government-wide financial statements.

*New Reporting Standard* – In June 1999, 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, which consists of a Management's Discussion and Analysis as required supplementary information. The statement requires new information and a restructure of much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. In June 2001, GASB then issued Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* – an amendment of GASB Statements No. 21 and No. 34. These new accounting and reporting standards require that assets and liabilities be reported as current and noncurrent with the difference between the two as net assets. The new standards were implemented in fiscal year 2003.

*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 Statement of Fiduciary Net Assets* – 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.

# Bonner County, Idaho

## Sandpoint, Idaho

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### Notes to Financial Statements

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#### **NOTE 2 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

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*Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets* – The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds and net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of this \$792,025 difference are as follows:

|   |                   |
|---|-------------------|
| Unavailable deferred revenue  | <u>\$ 792,025</u> |
| Net adjustment to increase total governmental funds to arrive at<br>net assets governmental funds | <u>\$ 792,025</u> |

Another element of that reconciliation explains that “long-term liabilities that are not due and payable in the current period are not reported in the funds.” The details of this \$2,609,678 difference are as follows:

|   |                     |
|---|---------------------|
| Accrued interest payable  | \$ 35,196           |
| Capital leases payable  | 1,214,873           |
| Special assessment bonds payable  | 1,275,000           |
| Compensated absences  | <u>84,609</u>       |
| Net adjustments to reduce – total governmental funds to<br>arrive at net assets – governmental activities | <u>\$ 2,609,678</u> |

*Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities* – The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is capitalized and depreciated over the period of the asset’s useful life. When capital assets are disposed of, the difference between the original cost and the depreciation, and the proceeds is recorded as gain or (loss) on the sale.” The details of this \$1,930,284 difference are as follows:

|   |                     |
|---|---------------------|
| Capital outlay  | \$ 3,141,850        |
| Loss on sale of assets  | (190,828)           |
| Depreciation expense  | <u>(1,020,738)</u>  |
| Net adjustment to increase the net changes in fund balance –<br>total governmental funds to arrive at changes in net<br>assets of governmental activities | <u>\$ 1,930,284</u> |

# Bonner County, Idaho

## Sandpoint, Idaho

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### Notes to Financial Statements

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#### NOTE 2 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued):

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Another element of that reconciliation states that the issuance of the long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this \$240,417 difference are as follows:

|   |                           |
|---|---------------------------|
| Debt issued or incurred:  |                           |
| Capital lease financing   | \$(161,572)               |
| Principal repayments:   |                           |
| Capital lease   | 221,989                   |
| Special assessment debt   | <u>180,000</u>            |
| Net adjustment to decrease net changes in fund balance — total<br>governmental funds to arrive at changes in net assets of<br>governmental activities | <br><br><u>\$ 240,417</u> |

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the \$10,777 difference are as follows:

|   |                          |
|---|--------------------------|
| Compensated absences  | \$ 6,012                 |
| Accrued interest  | <u>4,765</u>             |
| Net adjustment to decrease net changes in fund balance — total<br>governmental funds to arrive at changes in net assets of<br>governmental activities | <br><br><u>\$ 10,777</u> |

#### NOTE 3 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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##### *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.

# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Notes to Financial Statements**

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#### ***NOTE 3 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued):***

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##### *Budgetary Information (continued)*

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, 2004.

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.

##### *Excess of Expenditures over Appropriations*

For the year ended September 30, 2004, there were no funds with expenditures that exceeded appropriations.

##### *Deficit Fund Equity*

For the year ended September 30, 2004, there were no funds with a deficit fund balance.

#### ***NOTE 4 — DEPOSITS AND INVESTMENTS:***

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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 \$621,314. 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:

# Bonner County, Idaho

## Sandpoint, Idaho

### Notes to Financial Statements

#### NOTE 4 — DEPOSITS AND INVESTMENTS (continued):

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.

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

|  | Categories        |             |                     | Total               |
|--|-------------------|-------------|---------------------|---------------------|
|  | 1                 | 2           | 3                   |                     |
| Repurchase agreement                       | \$ -              | \$ -        | \$ 2,774,189        | \$ 2,774,189        |
| Certificates of deposit                    | <u>300,000</u>    | <u>-</u>    | <u>-</u>            | <u>300,000</u>      |
|  | <u>\$ 300,000</u> | <u>\$ -</u> | <u>\$ 2,774,189</u> | <u>3,074,189</u>    |
| Investments not subject to categorization: |                   |             |                     |                     |
| Savings account                            |                   |             |                     | 200,000             |
| Investment in State Local Government Pool  |                   |             |                     | <u>13,203,597</u>   |
| Total investments                          |                   |             |                     | <u>\$16,477,786</u> |

A reconciliation of cash and investments as shown on the statement of net assets for the County follows:

|                                       |                     |
|---------------------------------------|---------------------|
| Cash on hand                          | \$ 7,620            |
| Carrying amount of investments        | <u>17,099,100</u>   |
|                                       | <u>\$17,106,720</u> |
| Cash and cash equivalents             | \$16,376,901        |
| Cash and cash equivalents, restricted | <u>729,819</u>      |
|                                       | <u>\$17,106,720</u> |



# Bonner County, Idaho

## Sandpoint, Idaho

### Notes to Financial Statements

#### NOTE 5 — DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units include \$645,526 due from the federal government in connection with grants and law enforcement services; \$112,453 due from the state of Idaho in connection with grants, law enforcement services, registration fees, and refunds; and \$1,000 due from cities.

#### NOTE 6 — CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2004, was as follows:

|   | Beginning<br>Balance<br>(as restated<br>Note 18) | Increases          | Decreases           | Ending<br>Balance  |
|---|--|--------------------|---------------------|--------------------|
| <b>Governmental Activities</b>                            |  |                    |                     |                    |
| Capital assets, being depreciated:                        |  |                    |                     |                    |
| Infrastructure  | \$ -   | \$ 660,603         | \$ -                | \$ 660,603         |
| Buildings   | -  | 490,329            | -                   | 490,329            |
| Machinery and equipment                                   | 10,622,901                                       | 2,036,223          | (394,406)           | 12,264,718         |
| Less accumulated depreciation                             | <u>(5,103,238)</u>                               | <u>(1,020,738)</u> | <u>203,578</u>      | <u>(5,920,398)</u> |
| Governmental activities capital<br>assets, net            | <u>\$5,519,663</u>                               | <u>\$2,166,417</u> | <u>\$ (190,828)</u> | <u>\$7,495,252</u> |
| Depreciation expense was charged to functions as follows: |  |                    |                     |                    |
| General governmental services                             |  |                    | \$ 74,105           |                    |
| Highways and streets                                      |  |                    | 738,611             |                    |
| Welfare   |  |                    | 1,419               |                    |
| Culture and recreation                                    |  |                    | 24,033              |                    |
| Public safety   |  |                    | <u>182,570</u>      |                    |
| Total governmental activities depreciation expense        |  |                    | <u>\$1,020,738</u>  |                    |

# Bonner County, Idaho

## Sandpoint, Idaho

### Notes to Financial Statements

#### NOTE 6 — CAPITAL ASSETS (continued):

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| <b>Business-type Activities</b>              |                              |                    |                  |                           |
| Capital assets, not being depreciated:       |                              |                    |                  |                           |
| Land   | \$ 57,500                    | \$ 120,090         | \$ -             | \$ 177,590                |
| Total capital assets, not being depreciated  | <u>57,500</u>                | <u>120,090</u>     | <u>-</u>         | <u>177,590</u>            |
| Capital assets, being depreciated:           |                              |                    |                  |                           |
| Buildings                                    | 867,479                      | -                  | -                | 867,479                   |
| Improvements other than buildings            | 553,286                      | -                  | -                | 553,286                   |
| Machinery and equipment                      | <u>1,068,849</u>             | <u>39,938</u>      | <u>50,363</u>    | <u>1,058,424</u>          |
| Total capital assets, being depreciated      | <u>2,489,614</u>             | <u>39,938</u>      | <u>50,363</u>    | <u>2,479,189</u>          |
| Less accumulated depreciation for:           |                              |                    |                  |                           |
| Buildings                                    | 164,417                      | 21,687             | -                | 186,104                   |
| Improvements other than buildings            | 88,719                       | 26,739             | -                | 115,458                   |
| Machinery and equipment                      | <u>703,801</u>               | <u>127,508</u>     | <u>44,416</u>    | <u>786,893</u>            |
| Total accumulated depreciation               | <u>956,937</u>               | <u>175,934</u>     | <u>44,416</u>    | <u>1,088,455</u>          |
| Total capital assets, being depreciated, net | <u>1,532,677</u>             | <u>(135,996)</u>   | <u>5,947</u>     | <u>1,390,734</u>          |
| Business-type activities capital assets, net | <u>\$ 1,590,177</u>          | <u>\$ (15,906)</u> | <u>\$ 5,947</u>  | <u>\$ 1,568,324</u>       |

Depreciation expense was charged to functions as follows:

    Solid Waste \$ 175,934

#### NOTE 7 — LEASES:

##### Operating Leases

On July 13, 2000, the County entered into an agreement to lease a portion of a building for office space. As extended, the lease expired September 30, 2004. Total payments made for the year ended September 30, 2004, were \$46,517.

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, 2004, were \$17,400. As extended, the lease expires September 30, 2005.

On December 16, 2003, 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, 2004, were \$9,619. The lease expires January 31, 2007.

On December 16, 2003, 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, 2004, were \$13,824. The lease expires January 31, 2007.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

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**Notes to Financial Statements**

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**NOTE 7 — LEASES (continued):**

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*Operating Leases (continued)*

Future minimum annual lease payments at September 30, 2004, are:

| <u>Years Ending<br/>September 30,</u> | <u>Amount</u> |
|---------------------------------------|---------------|
| 2005                                  | \$ 106,271    |
| 2006                                  | 87,371        |
| 2007                                  | 11,720        |

*Capital Leases*

The County has entered into various leases to purchase equipment. These lease agreements qualify as capital leases for accounting purposes and are recorded in the capital assets of the County. The cost of the leased assets is \$2,381,448. The leases are collateralized by the assets.

Future minimum annual lease payments at September 30, 2004, are:

| <u>Years Ending<br/>September 30,</u> | <u>Road and<br/>Bridge</u> | <u>Justice</u>   | <u>Total</u>        |
|---------------------------------------|----------------------------|------------------|---------------------|
| 2005                                  | \$ 844,404                 | \$ 13,174        | \$ 857,578          |
| 2006                                  | 241,482                    | -                | 241,482             |
| 2007                                  | 172,382                    | -                | 172,382             |
| 2008                                  | <u>34,801</u>              | <u>-</u>         | <u>34,801</u>       |
| Total minimum lease payments          | 1,293,069                  | 13,174           | 1,306,243           |
| Less amount representing interest     | <u>90,967</u>              | <u>403</u>       | <u>91,370</u>       |
| Capital lease obligations             | <u>\$ 1,202,102</u>        | <u>\$ 12,771</u> | <u>\$ 1,214,873</u> |

# Bonner County, Idaho

## Sandpoint, Idaho

### Notes to Financial Statements

#### NOTE 8 — LONG-TERM DEBT:

##### Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows:

|   | Balance,<br>October 1,<br>2003 | Additions  | Reductions | Balance,<br>September 30,<br>2004 | Due<br>Within<br>One Year |
|---|--------------------------------|------------|------------|-----------------------------------|---------------------------|
| Governmental activities:                          |                                |            |            |                                   |                           |
| Compensated absences                              | \$ 392,420                     | \$ 85,599  | \$ -       | \$ 478,019                        | \$ 393,410                |
| Leases payable                                    | 1,275,290                      | 161,572    | 221,989    | 1,214,873                         | 857,578                   |
| Special assessment bonds                          | 1,455,000                      | -          | 180,000    | 1,275,000                         | 190,000                   |
| Governmental activities<br>long-term liabilities  | \$ 3,122,710                   | \$ 247,171 | \$ 401,989 | \$ 2,967,892                      | \$ 1,440,988              |
| Business-type activities:                         |                                |            |            |                                   |                           |
| Compensated absences                              | \$ 17,935                      | \$ 2,635   | \$ -       | \$ 20,570                         | \$ 15,697                 |
| Business-type activities<br>long-term liabilities | \$ 17,935                      | \$ 2,635   | \$ -       | \$ 20,570                         | \$ 15,697                 |

The annual debt service requirements to amortize the note payable to the bank for redemption of special assessment bonds as of September 30, 2004, are:

| Years Ending<br>September 30, | Special Assessment Bonds |            |           |          |
|-------------------------------|--------------------------|------------|-----------|----------|
|                               | 93-1                     |            | 96-1      |          |
|                               | Principal                | Interest   | Principal | Interest |
| 2005                          | \$ 175,000               | \$ 78,303  | \$ 15,000 | \$ 2,715 |
| 2006                          | 185,000                  | 67,452     | 15,000    | 1,995    |
| 2007                          | 195,000                  | 55,705     | 15,000    | 1,260    |
| 2008                          | 210,000                  | 43,225     | 10,000    | 510      |
| 2009                          | 220,000                  | 29,575     | -         | -        |
| Thereafter                    | 235,000                  | 15,275     | -         | -        |
|                               | \$ 1,220,000             | \$ 289,535 | \$ 55,000 | \$ 6,480 |

The holders of any special assessment bonds have no claims against the County under Idaho Code.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

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**Notes to Financial Statements**

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**NOTE 9 — RESTRICTED NET ASSET ACCOUNTS:**

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Resolutions of the County require certain reservations of the Solid Waste Fund's net assets:

|                                     |                  |
|-------------------------------------|------------------|
| Restricted for debt retirement      | \$ 664           |
| Restricted for capital improvements | <u>664,313</u>   |
| Total restricted net assets         | <u>\$664,977</u> |

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

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

**NOTE 10 — FUND TRANSFERS:**

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Individual fund transfers in and out balances at September 30, 2004, were:

|                               | <u>Transfers Out</u> | <u>Transfers In</u> |
|-------------------------------|----------------------|---------------------|
| General Governmental Services | \$ 55,041            | \$ -                |
| Justice                       | 136,556              | -                   |
| Waterways                     | 51,484               | -                   |
| Grants                        | <u>-</u>             | <u>243,081</u>      |
|                               | <u>\$ 243,081</u>    | <u>\$ 243,081</u>   |

# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Notes to Financial Statements**

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#### ***NOTE 11 — CONTINGENT LIABILITIES AND COMMITMENTS:***

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##### *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 LID 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.

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.

# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Notes to Financial Statements**

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#### ***NOTE 12 — DEFERRED COMPENSATION PLAN:***

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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.

Recent changes in the Internal Revenue Code provided that such funds administered by municipalities are not subject to claims by general creditors. In accordance with Governmental Accounting Standards such programs administered by independent outside trustees do not require inclusion in the financial statements. The assets and liabilities relating to this deferred compensation plan have been excluded in the County's financial statements.

#### ***NOTE 13 — DEFINED CONTRIBUTION PENSION PLAN:***

---

During the 2004 fiscal year the County elected to transfer the participants' funds from the defined contribution plan provider to the Public Employees Retirement System of Idaho (PERSI). The County's former defined contribution plan provider asserts that it is entitled to approximately \$275,000 in deferred sales charges and has refused to relinquish such amount of fees when the funds were transferred to PERSI. The County is pursuing legal action regarding the recovery of the retained fees by the former plan provider.

#### ***NOTE 14 — DEFINED BENEFIT PENSION PLAN:***

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On July 1, 2003, the County joined the Public Employee Retirement System of Idaho (System). The System administers the Public Employee Retirement Fund Base Plan (PERSI). PERSI is a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members of beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2% (2.3% police) of the average monthly salary for the highest consecutive 42 months.

# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Notes to Financial Statements**

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#### ***NOTE 14 — DEFINED BENEFIT PENSION PLAN (continued):***

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The contribution requirements of Bonner County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2004, the required contribution rate as a percentage of covered payroll for members was 5.86% for general members and 7.21% for police. The employer rate as a percentage of covered payroll was 9.77% for general members and 10.11% for police members. Bonner County contributions required and paid were \$965,933 and \$272,413 for the year ended September 30, 2004 and three months ended September 30, 2003, respectively.

#### ***NOTE 15 — RISK MANAGEMENT:***

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

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

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

Insurance is maintained through the Idaho Counties Reciprocal Management Program (ICRMP). ICRMP is an insurance pool serving all public entities in Idaho through provision of property, general liability, auto liability, physical damage, and public officials' insurance. Bonner County pays an annual premium to ICRMP for insurance coverage.

The ICRMP 2003-2004 Bonner County insurance policy provides coverage up to a limit of \$500,000 for any single claim (brought pursuant to Title 6, Chap. 9 Idaho Code). This is the statutory limit of the Idaho tort claims act. For any other type of liability claim, the policy limit is \$2,000,000. The aggregate amount or total combined amount of all liability claims added up in a single policy year is \$3,000,000.

ICRMP provides property insurance coverage structured so that ICRMP retains the first \$100,000 of damage to any Bonner County property. Allianz, an A++ reinsurer and one of the very largest reinsurers in the world, provides coverage for the remainder of the damage. The limits of the property coverage are tied to Bonner County's statement of values. If the buildings, vehicles, and other property are listed on the County's statement of values, the County has coverage for the replacement cost of the damaged property.



# **Bonner County, Idaho**

## **Sandpoint, Idaho**

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### **Notes to Financial Statements**

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#### ***NOTE 15 — RISK MANAGEMENT (continued):***

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Excluded from the maximum total deductible per policy period are deductibles paid for Flood and/or Earthquake, and Boiler and machinery losses. The deductibles for these occurrences are \$25,000 and \$2,500 per incident, respectively, with no annual limit.

On September 30, 2004, the County had 15 outstanding claims. The County risk manager and legal staff maintain the position that the County bears little or no loss liability, based upon the strength of the claims and prior experience. All claims during the three years ended September 30, 2004, were below the limits of the insurance coverage.

#### ***NOTE 16 — CONDUIT DEBT OBLIGATIONS:***

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During the fiscal year ended September 30, 2001, 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, 2004, there were three series of Industrial Revenue Bonds outstanding. The aggregate principal of their original issue amounts total \$6,150,000.

#### ***NOTE 17 — SUBSEQUENT EVENTS:***

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*Fund 911* - As of October 1, 2004, Bonner County has taken over the direct responsibility for the operations of the 911 program. Prior to October 1, 2004, the County had contracted with the City of Sandpoint to provide the service to the County residents. In the current year, the County has expended significant funds to upgrade the system and other improvements prior to taking over the 911 services.

*Ambulance District* - On October 1, 2004, the Bonner County Commissioners created an Ambulance District to provide services to the residents of the County. The Ambulance District is recognized as a separate legal taxing district and the providing of the ambulance service is a governmental function. The Board of County Commissioners approves the annual Ambulance District budget, and is responsible for levying the balance necessary to fund the approved budget under the Ambulance District levy. The oversight of the Ambulance District will be the responsibility of the Bonner County Commissioners. For the fiscal year ending, September 30, 2005, the Ambulance District will be reported as a special revenue fund of the County.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

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**Notes to Financial Statements**

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***NOTE 18 — RESTATEMENT OF NET ASSETS:***

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The County's beginning net assets have been restated to reflect prior period adjustments to the governmental activities net assets. The adjustments are a result of the County recording additional machinery and equipment on the books of the County. As discussed in note 1, prior to the implementation of GASB No. 34, the County elected not to record the general fixed assets account group on the financial statements prior to September 30, 2003. This restatement is a result of recording the additional assets, which were acquired in prior years, and not previously recorded:

|   |                      |
|---|----------------------|
| Net assets at September 30, 2003, as previously reported              |                      |
| governmental activities   | \$ 14,357,342        |
| Machinery and equipment   | 2,027,683            |
| Accumulated depreciation  | <u>(929,264)</u>     |
| Net assets, September 30, 2003, as restated – governmental activities | <u>\$ 15,455,761</u> |

**SUPPLEMENTAL INFORMATION**

**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**

**September 30, 2004**

|   | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total              |
|---|--|--|--------------------|
| <b>Assets</b>                                     |  |  |                    |
| Cash and cash equivalents                         | \$4,913,318                                      | \$1,109,952                              | \$6,023,270        |
| Receivables, net of allowance for uncollectibles: |  |  |                    |
| Taxes   | 207,185  | 1,534                                    | 208,719            |
| Interest  | 107  | -  | 107                |
| Accounts  | 97,669   | -  | 97,669             |
| Prepaid expenses                                  | 612  | -  | 612                |
| Due from other governments                        | 712,571  | -  | 712,571            |
| Due from other funds                              | 19,005   | -  | 19,005             |
|   | <u>\$5,950,467</u>                               | <u>\$1,111,486</u>                       | <u>\$7,061,953</u> |
| Total assets                                      |  |  |                    |
| <b>Liabilities and Fund Balances</b>              |  |  |                    |
| <b>LIABILITIES:</b>                               |  |  |                    |
| Warrants payable                                  | \$ 874,391                                       | \$ -                                     | \$ 874,391         |
| Vouchers payable                                  | 299,572  | -  | 299,572            |
| Accrued payroll                                   | 27,580   | -  | 27,580             |
| Accrued retirement payable                        | 2,585  | -  | 2,585              |
| Due to other funds                                | 18,000   | -  | 18,000             |
| Deferred revenue                                  | 246,493  | 1,506                                    | 247,999            |
| Compensated absences payable                      | 41,429   | -  | 41,429             |
| Total liabilities                                 | <u>1,510,050</u>                                 | <u>1,506</u>                             | <u>1,511,556</u>   |
| <b>FUND BALANCES:</b>                             |  |  |                    |
| Fund balances:                                    |  |  |                    |
| Unreserved  | 4,440,417  | 1,109,980                                | 5,550,397          |
| Total fund balances                               | <u>4,440,417</u>                                 | <u>1,109,980</u>                         | <u>5,550,397</u>   |
|   |  |  |                    |
| Total liabilities and fund balances               | <u>\$5,950,467</u>                               | <u>\$1,111,486</u>                       | <u>\$7,061,953</u> |

See accompanying independent auditors' report.



September 30, 2004

| Weeds             | Tort              | Health<br>District | Snowmobile-<br>Priest Lake | Snowmobile-<br>Sandpoint | Waterways         | Parks<br>and<br>Recreation | Court<br>Facilities | Court<br>Interlock | Grants            | Drug<br>Court    | Total              |
|-------------------|-------------------|--------------------|----------------------------|--------------------------|-------------------|----------------------------|---------------------|--------------------|-------------------|------------------|--------------------|
| \$ 191,061        | \$ 485,712        | \$ 49,375          | \$ 47,022                  | \$ 46,662                | \$ 131,358        | \$ 37,801                  | \$ 238,785          | \$ 19,936          | \$ 583,293        | \$ 51,449        | \$4,913,318        |
| 7,556             | 55,265            | 12,409             | -                          | -                        | -                 | 1,374                      | -                   | -                  | -                 | -                | 207,185            |
| -                 | -                 | -                  | -                          | -                        | -                 | -                          | 1,320               | 642                | -                 | -                | 97,669             |
| -                 | -                 | -                  | -                          | -                        | -                 | -                          | -                   | -                  | 66                | -                | 107                |
| 8                 | -                 | -                  | -                          | -                        | -                 | -                          | -                   | -                  | 38                | -                | 612                |
| -                 | -                 | -                  | -                          | -                        | 6,265             | 26,000                     | -                   | -                  | 347,418           | -                | 712,571            |
| -                 | -                 | -                  | -                          | -                        | -                 | 19,005                     | -                   | -                  | -                 | -                | 19,005             |
| <u>\$ 198,625</u> | <u>\$ 540,977</u> | <u>\$ 61,784</u>   | <u>\$ 47,022</u>           | <u>\$ 46,662</u>         | <u>\$ 137,623</u> | <u>\$ 84,180</u>           | <u>\$ 240,105</u>   | <u>\$ 20,578</u>   | <u>\$ 930,815</u> | <u>\$ 51,449</u> | <u>\$5,950,467</u> |
| \$ 31,724         | \$ -              | \$ -               | \$ -                       | \$ 33                    | \$ 16,479         | \$ 4,270                   | \$ -                | \$ -               | \$ 377,801        | \$ 798           | \$ 874,391         |
| 802               | -                 | -                  | -                          | -                        | -                 | -                          | -                   | -                  | 780               | -                | 299,572            |
| 660               | -                 | -                  | -                          | -                        | 235               | -                          | -                   | -                  | 407               | -                | 27,580             |
| 214               | -                 | -                  | -                          | -                        | -                 | -                          | -                   | -                  | -                 | -                | 2,585              |
| -                 | -                 | -                  | -                          | -                        | -                 | -                          | -                   | -                  | -                 | -                | 18,000             |
| 7,087             | 51,560            | 11,616             | -                          | -                        | -                 | 1,300                      | -                   | -                  | -                 | -                | 246,493            |
| 2,073             | -                 | -                  | -                          | -                        | -                 | -                          | -                   | -                  | 520               | -                | 41,429             |
| <u>42,560</u>     | <u>51,560</u>     | <u>11,616</u>      | <u>-</u>                   | <u>33</u>                | <u>16,714</u>     | <u>5,570</u>               | <u>-</u>            | <u>-</u>           | <u>379,508</u>    | <u>798</u>       | <u>1,510,050</u>   |
| <u>156,065</u>    | <u>489,417</u>    | <u>50,168</u>      | <u>47,022</u>              | <u>46,629</u>            | <u>120,909</u>    | <u>78,610</u>              | <u>240,105</u>      | <u>20,578</u>      | <u>551,307</u>    | <u>50,651</u>    | <u>4,440,417</u>   |
| <u>\$ 198,625</u> | <u>\$ 540,977</u> | <u>\$ 61,784</u>   | <u>\$ 47,022</u>           | <u>\$ 46,662</u>         | <u>\$ 137,623</u> | <u>\$ 84,180</u>           | <u>\$ 240,105</u>   | <u>\$ 20,578</u>   | <u>\$ 930,815</u> | <u>\$ 51,449</u> | <u>\$5,950,467</u> |

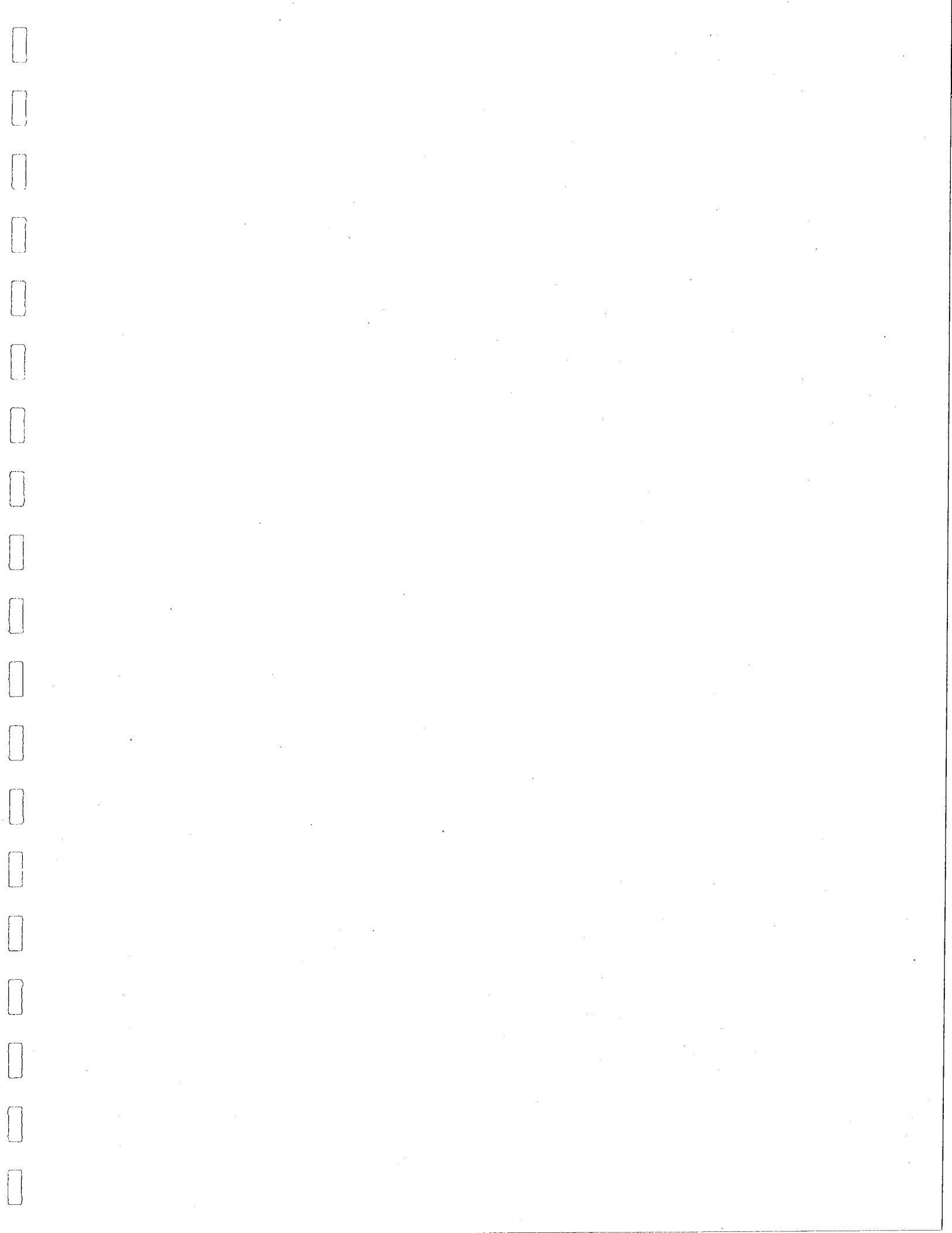
**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds**

**Year Ended September 30, 2004**

|   | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total              |
|---|--|--|--------------------|
| <b>REVENUES:</b>                            |  |  |                    |
| Taxes                                       | \$3,734,075                                      | \$ -                                     | \$3,734,075        |
| Licenses and permits                        | 152,444  | -  | 152,444            |
| Intergovernmental                           | 3,005,943  | -  | 3,005,943          |
| Charges for services                        | 69,338   | -  | 69,338             |
| Fines                                       | 196,360  | -  | 196,360            |
| Special assessments                         | -  | 110                                      | 110                |
| Interest income                             | 290  | -  | 290                |
| Miscellaneous                               | 366,894  | -  | 366,894            |
| Total revenues                              | <u>7,525,344</u>                                 | <u>110</u>                               | <u>7,525,454</u>   |
| <b>EXPENDITURES:</b>                        |  |  |                    |
| Current:                                    |  |  |                    |
| General government                          | 3,883,135  | -  | 3,883,135          |
| Public safety                               | 727,492  | -  | 727,492            |
| Highways and streets                        | 478,284  | -  | 478,284            |
| Sanitation                                  | 128,241  | -  | 128,241            |
| Health                                      | 213,593  | -  | 213,593            |
| Welfare                                     | 457,762  | -  | 457,762            |
| Education                                   | 352,001  | -  | 352,001            |
| Culture and recreation                      | 307,652  | -  | 307,652            |
| Capital outlay                              | 413,485  | -  | 413,485            |
| Total expenditures                          | <u>6,961,645</u>                                 | <u>-</u>                                 | <u>6,961,645</u>   |
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b> | 563,699  | 110                                      | 563,809            |
| <b>OTHER FINANCING SOURCES:</b>             |  |  |                    |
| Operating transfers in                      | <u>191,597</u>                                   | <u>-</u>                                 | <u>191,597</u>     |
| <b>NET CHANGE IN FUND BALANCE</b>           | 755,296  | 110                                      | 755,406            |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     | <u>3,685,121</u>                                 | <u>1,109,870</u>                         | <u>4,794,991</u>   |
| <b>FUND BALANCES, END OF YEAR</b>           | <u>\$4,440,417</u>                               | <u>\$1,109,980</u>                       | <u>\$5,550,397</u> |

See accompanying independent auditors' report.





Year Ended September 30, 2004

| Weeds             | Tort              | Health District  | Snowmobile- Priest Lake | Snowmobile- Sandpoint | Waterways         | Parks and Recreation | Court Facilities  | Court Interlock  | Grants            | Drug Court       | Total               |
|-------------------|-------------------|------------------|-------------------------|-----------------------|-------------------|----------------------|-------------------|------------------|-------------------|------------------|---------------------|
| \$ 117,277        | \$ 806,238        | \$ 214,418       | \$ -                    | \$ -                  | \$ -              | \$ 20,321            | \$ -              | \$ -             | \$ -              | \$ 19,477        | \$ 3,734,075        |
| -                 | -                 | -                | 43,095                  | 16,225                | 93,124            | -                    | -                 | -                | -                 | -                | 152,444             |
| 18,310            | 39,000            | -                | -                       | -                     | -                 | 26,000               | -                 | -                | 1,021,640         | -                | 3,005,943           |
| -                 | -                 | 9,925            | -                       | -                     | -                 | -                    | 16,320            | 6,974            | -                 | -                | 69,338              |
| -                 | -                 | -                | -                       | -                     | -                 | -                    | -                 | -                | -                 | -                | 196,360             |
| -                 | -                 | -                | -                       | -                     | -                 | -                    | -                 | -                | 31                | -                | 290                 |
| 30,557            | -                 | -                | -                       | 3,000                 | 400               | 4,792                | -                 | -                | -                 | -                | 366,894             |
| <u>166,144</u>    | <u>845,238</u>    | <u>224,343</u>   | <u>43,095</u>           | <u>19,225</u>         | <u>93,524</u>     | <u>51,113</u>        | <u>16,320</u>     | <u>6,974</u>     | <u>1,021,671</u>  | <u>19,477</u>    | <u>7,525,344</u>    |
| -                 | 810,929           | -                | -                       | -                     | -                 | -                    | -                 | -                | 256,189           | 6,572            | 3,883,135           |
| -                 | -                 | -                | -                       | -                     | -                 | -                    | -                 | 955              | 371,442           | -                | 727,492             |
| -                 | -                 | -                | -                       | -                     | -                 | -                    | -                 | -                | -                 | -                | 478,284             |
| 128,241           | -                 | -                | -                       | -                     | -                 | -                    | -                 | -                | -                 | -                | 128,241             |
| -                 | -                 | 213,593          | -                       | -                     | -                 | -                    | -                 | -                | -                 | -                | 213,593             |
| -                 | -                 | -                | -                       | -                     | -                 | -                    | -                 | -                | -                 | -                | 457,762             |
| -                 | -                 | -                | -                       | -                     | -                 | -                    | -                 | -                | -                 | -                | 352,001             |
| -                 | -                 | -                | 39,651                  | 15,660                | 40,313            | 16,281               | -                 | -                | 50,550            | -                | 307,652             |
| 7,667             | -                 | -                | -                       | 5,000                 | 25,314            | 32,719               | -                 | -                | 292,974           | -                | 413,485             |
| <u>135,908</u>    | <u>810,929</u>    | <u>213,593</u>   | <u>39,651</u>           | <u>20,660</u>         | <u>65,627</u>     | <u>49,000</u>        | <u>-</u>          | <u>955</u>       | <u>971,155</u>    | <u>6,572</u>     | <u>6,961,645</u>    |
| 30,236            | 34,309            | 10,750           | 3,444                   | (1,435)               | 27,897            | 2,113                | 16,320            | 6,019            | 50,516            | 12,905           | 563,699             |
| -                 | -                 | -                | -                       | -                     | (51,484)          | -                    | -                 | -                | 243,081           | -                | 191,597             |
| 30,236            | 34,309            | 10,750           | 3,444                   | (1,435)               | (23,587)          | 2,113                | 16,320            | 6,019            | 293,597           | 12,905           | 755,296             |
| <u>125,829</u>    | <u>455,108</u>    | <u>39,418</u>    | <u>43,578</u>           | <u>48,064</u>         | <u>144,496</u>    | <u>76,497</u>        | <u>223,785</u>    | <u>14,559</u>    | <u>257,710</u>    | <u>37,746</u>    | <u>3,685,121</u>    |
| <u>\$ 156,065</u> | <u>\$ 489,417</u> | <u>\$ 50,168</u> | <u>\$ 47,022</u>        | <u>\$ 46,629</u>      | <u>\$ 120,909</u> | <u>\$ 78,610</u>     | <u>\$ 240,105</u> | <u>\$ 20,578</u> | <u>\$ 551,307</u> | <u>\$ 50,651</u> | <u>\$ 4,440,417</u> |

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Revenues - Budget and Actual - General Fund

Year Ended September 30, 2004

|  | Budgeted Amounts   |                    |                    | Variance<br>Over<br>(Under) |
|--|--------------------|--------------------|--------------------|-----------------------------|
|  | Original           | Final              | Actual             |                             |
| <b>Taxes:</b>                          |                    |                    |                    |                             |
| Current                                | \$1,466,499        | \$1,466,499        | \$1,478,388        | \$ 11,889                   |
| Penalties and interest                 | 10,140             | 10,140             | 23,271             | 13,131                      |
| REA tax                                | 10,520             | 10,520             | 11,206             | 686                         |
| Total taxes                            | <u>1,487,159</u>   | <u>1,487,159</u>   | <u>1,512,865</u>   | <u>25,706</u>               |
| <b>Licenses and permits:</b>           |                    |                    |                    |                             |
| Motor vehicle licenses                 | 249,100            | 249,100            | 282,767            | 33,667                      |
| Trailer house licenses                 | 2,850              | 2,850              | 3,136              | 286                         |
| Recreation vehicle licenses            | 5,500              | 5,500              | 5,752              | 252                         |
| Boat licenses                          | 6,000              | 6,000              | 7,284              | 1,284                       |
| Pawnbroker licenses                    | 60                 | 60                 | 110                | 50                          |
| Auctioneer licenses                    | 20                 | 20                 | 40                 | 20                          |
| Conditional use permit                 | 8,800              | 8,800              | 12,106             | 3,306                       |
| Building licenses and permits          | 129,500            | 129,500            | 141,040            | 11,540                      |
| Total licenses and permits             | <u>401,830</u>     | <u>401,830</u>     | <u>452,235</u>     | <u>50,405</u>               |
| <b>Intergovernmental:</b>              |                    |                    |                    |                             |
| Inventory phase-out                    | 309,000            | 309,000            | 323,627            | 14,627                      |
| Category 58 replacement revenue        | 24,197             | 24,197             | 24,197             | -                           |
| Inheritance tax                        | -                  | -                  | 15,800             | 15,800                      |
| Extension office                       | 4,500              | 4,500              | 4,500              | -                           |
| Total intergovernmental                | <u>337,697</u>     | <u>337,697</u>     | <u>368,124</u>     | <u>30,427</u>               |
| <b>Charges for services:</b>           |                    |                    |                    |                             |
| Vehicle inspection fees                | 9,652              | 9,652              | 11,908             | 2,256                       |
| Recorder's fees                        | 259,000            | 259,000            | 267,941            | 8,941                       |
| Planning fees                          | 67,850             | 67,850             | 126,160            | 58,310                      |
| Treasurer fees                         | 56,000             | 56,000             | 46,717             | (9,283)                     |
| Assessor's fees                        | 9,800              | 9,800              | 11,588             | 1,788                       |
| Title company billings and access fees | 24,400             | 24,400             | 9,533              | (14,867)                    |
| Total charges for services             | <u>426,702</u>     | <u>426,702</u>     | <u>473,847</u>     | <u>47,145</u>               |
| <b>Miscellaneous:</b>                  |                    |                    |                    |                             |
| Elections                              | 7,600              | 7,600              | 473                | (7,127)                     |
| Refunds and reimbursements             | 17,079             | 17,079             | 40,381             | 23,302                      |
| Miscellaneous                          | 5,050              | 5,050              | 16,788             | 11,738                      |
| Postage                                | 2,200              | 2,200              | 1,448              | (752)                       |
| Copies                                 | 14,968             | 14,968             | 15,627             | 659                         |
| Total miscellaneous                    | <u>46,897</u>      | <u>46,897</u>      | <u>74,717</u>      | <u>27,820</u>               |
| <b>Interest:</b>                       |                    |                    |                    |                             |
| Interest income                        | 344,100            | 344,100            | 260,996            | (83,104)                    |
| Total general fund revenues            | <u>\$3,044,385</u> | <u>\$3,044,385</u> | <u>\$3,142,784</u> | <u>\$ 98,399</u>            |

See accompanying independent auditors' report.

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Expenditures - Budget and Actual - General Fund

Year Ended September 30, 2004

|                             | Budgeted Amounts |                | Actual         | Variance<br>Over<br>(Under) |
|-----------------------------|------------------|----------------|----------------|-----------------------------|
|                             | Original         | Final          |                |                             |
| Clerk - Auditor:            |                  |                |                |                             |
| General government:         |                  |                |                |                             |
| Salaries                    | \$ 242,531       | \$ 244,031     | \$ 243,140     | \$ 891                      |
| Other services and charges  | 67,823           | 66,323         | 70,644         | (4,321)                     |
| Capital outlay              | 5,000            | 5,000          | 621            | 4,379                       |
| Total clerk - auditor       | <u>315,354</u>   | <u>315,354</u> | <u>314,405</u> | <u>949</u>                  |
| Treasurer:                  |                  |                |                |                             |
| General government:         |                  |                |                |                             |
| Salaries                    | 159,014          | 159,014        | 156,141        | 2,873                       |
| Other services and charges  | 50,220           | 50,220         | 43,796         | 6,424                       |
| Total treasurer             | <u>209,234</u>   | <u>209,234</u> | <u>199,937</u> | <u>9,297</u>                |
| Emergency management:       |                  |                |                |                             |
| Public safety:              |                  |                |                |                             |
| Salaries                    | 40,989           | 47,489         | 47,181         | 308                         |
| Other services and charges  | 13,600           | 15,270         | 10,018         | 5,252                       |
| Total emergency management  | <u>54,589</u>    | <u>62,759</u>  | <u>57,199</u>  | <u>5,560</u>                |
| Commissioners:              |                  |                |                |                             |
| General government:         |                  |                |                |                             |
| Salaries                    | 200,486          | 200,486        | 198,694        | 1,792                       |
| Other services and charges  | 9,100            | 9,100          | 5,960          | 3,140                       |
| Capital outlay              | 1,100            | 1,100          | 3,974          | (2,874)                     |
| Total commissioners         | <u>210,686</u>   | <u>210,686</u> | <u>208,628</u> | <u>2,058</u>                |
| Coroner:                    |                  |                |                |                             |
| Public safety:              |                  |                |                |                             |
| Salaries                    | 17,085           | 17,085         | 14,666         | 2,419                       |
| Other services and charges  | 64,400           | 64,400         | 54,077         | 10,323                      |
| Total coroner               | <u>81,485</u>    | <u>81,485</u>  | <u>68,743</u>  | <u>12,742</u>               |
| Buildings and grounds:      |                  |                |                |                             |
| General government:         |                  |                |                |                             |
| Salaries                    | 107,310          | 107,310        | 100,456        | 6,854                       |
| Other services and charges  | 35,956           | 35,956         | 37,459         | (1,503)                     |
| Capital outlay              | 23,700           | 23,700         | 12,156         | 11,544                      |
| Total buildings and grounds | <u>166,966</u>   | <u>166,966</u> | <u>150,071</u> | <u>16,895</u>               |

See accompanying independent auditors' report.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

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

**Year Ended September 30, 2004**

|                                 | Budgeted Amounts |                  | Actual           | Variance<br>Over<br>(Under) |
|---------------------------------|------------------|------------------|------------------|-----------------------------|
|                                 | Original         | Final            |                  |                             |
| General:                        |                  |                  |                  |                             |
| General government:             |                  |                  |                  |                             |
| Salaries                        | \$ 42,284        | \$ 42,284        | \$ 40,495        | \$ 1,789                    |
| Benefits                        | 540,127          | 540,127          | 481,808          | 58,319                      |
| Other services and charges      | 1,348,314        | 1,351,102        | 1,068,802        | 282,300                     |
| Total general                   | <u>1,930,725</u> | <u>1,933,513</u> | <u>1,591,105</u> | <u>342,408</u>              |
| Extension office:               |                  |                  |                  |                             |
| General government:             |                  |                  |                  |                             |
| Salaries                        | 69,990           | 69,990           | 68,763           | 1,227                       |
| Other services and charges      | 27,995           | 27,995           | 32,591           | (4,596)                     |
| Capital outlay                  | 9,556            | 9,556            | 4,953            | 4,603                       |
| Total extension office          | <u>107,541</u>   | <u>107,541</u>   | <u>106,307</u>   | <u>1,234</u>                |
| Data processing:                |                  |                  |                  |                             |
| General government:             |                  |                  |                  |                             |
| Salaries                        | 39,187           | 39,187           | 38,739           | 448                         |
| Other services and charges      | 71,300           | 71,300           | 58,824           | 12,476                      |
| Capital outlay                  | -                | -                | 361              | (361)                       |
| Total data processing           | <u>110,487</u>   | <u>110,487</u>   | <u>97,924</u>    | <u>12,563</u>               |
| Assessor - motor vehicles:      |                  |                  |                  |                             |
| General government:             |                  |                  |                  |                             |
| Salaries                        | 205,744          | 205,744          | 190,450          | 15,294                      |
| Other services and charges      | 17,235           | 17,235           | 13,455           | 3,780                       |
| Capital outlay                  | 750              | 750              | 3,222            | (2,472)                     |
| Total assessor - motor vehicles | <u>223,729</u>   | <u>223,729</u>   | <u>207,127</u>   | <u>16,602</u>               |
| Planning:                       |                  |                  |                  |                             |
| General government:             |                  |                  |                  |                             |
| Salaries                        | 266,930          | 266,930          | 261,376          | 5,554                       |
| Other services and charges      | 47,542           | 61,164           | 48,928           | 12,236                      |
| Capital outlay                  | 13,400           | 13,400           | 17,510           | (4,110)                     |
| Total planning                  | <u>327,872</u>   | <u>341,494</u>   | <u>327,814</u>   | <u>13,680</u>               |

See accompanying independent auditors' report.

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Expenditures - Budget and Actual - General Fund (Continued)

Year Ended September 30, 2004

|                            | Budgeted Amounts |             | Actual      | Variance<br>Over<br>(Under) |
|----------------------------|------------------|-------------|-------------|-----------------------------|
|                            | Original         | Final       |             |                             |
| Information services:      |                  |             |             |                             |
| General government:        |                  |             |             |                             |
| Other services and charges | \$ 129,180       | \$ 129,180  | \$ 129,013  | \$ 167                      |
| Personnel:                 |                  |             |             |                             |
| General government:        |                  |             |             |                             |
| Salaries                   | 36,873           | 36,873      | 36,490      | 383                         |
| Other services and charges | 7,200            | 7,200       | 6,378       | 822                         |
| Capital outlay             | -                | -           | 819         | (819)                       |
| Total personnel            | 44,073           | 44,073      | 43,687      | 386                         |
| Contingency:               |                  |             |             |                             |
| General government:        |                  |             |             |                             |
| Other services and charges | 193,000          | 193,000     | -           | 193,000                     |
| Total general fund:        |                  |             |             |                             |
| General government         | 3,915,341        | 3,931,751   | 3,332,402   | 599,349                     |
| Public safety              | 136,074          | 144,244     | 125,942     | 18,302                      |
| Capital outlay             | 53,506           | 53,506      | 43,616      | 9,890                       |
| Total general fund         | \$4,104,921      | \$4,129,501 | \$3,501,960 | \$ 627,541                  |

See accompanying independent auditors' report.

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Revenues - Budget and Actual - Justice Fund

Year Ended September 30, 2004

|                                 | Budgeted Amounts |                  | Actual           | Variance<br>Over<br>(Under) |
|---------------------------------|------------------|------------------|------------------|-----------------------------|
|                                 | Original         | Final            |                  |                             |
| Justice:                        |                  |                  |                  |                             |
| Taxes:                          |                  |                  |                  |                             |
| Current                         | \$5,764,316      | \$5,764,316      | \$5,811,178      | \$ 46,862                   |
| Penalties and interest          | 61,000           | 61,000           | 170,977          | 109,977                     |
| REA tax                         | 47,791           | 47,791           | 44,049           | (3,742)                     |
| Total taxes                     | <u>5,873,107</u> | <u>5,873,107</u> | <u>6,026,204</u> | <u>153,097</u>              |
| Licenses and permits:           |                  |                  |                  |                             |
| Drivers licenses                | 70,000           | 70,000           | 78,820           | 8,820                       |
| Boat licenses                   | 124,890          | 124,890          | 143,687          | 18,797                      |
| Beer and liquor licenses        | 21,500           | 21,500           | 22,203           | 703                         |
| Concealed weapon permits        | 1,700            | 1,700            | 1,574            | (126)                       |
| Total licenses and permits      | <u>218,090</u>   | <u>218,090</u>   | <u>246,284</u>   | <u>28,194</u>               |
| Intergovernmental:              |                  |                  |                  |                             |
| State revenue sharing           | 900,000          | 900,000          | 900,360          | 360                         |
| Payment in lieu of taxes        | 82,000           | 82,000           | 86,352           | 4,352                       |
| Priest River services           | 245,862          | 245,862          | 245,862          | -                           |
| Clark Fork services             | 3,600            | 3,600            | 3,600            | -                           |
| Dover services                  | -                | -                | 700              | 700                         |
| Kootenai                        | 1,200            | 1,200            | 1,100            | (100)                       |
| Oldtown services                | 3,600            | 3,600            | 3,600            | -                           |
| U.S. Forest Service             | 4,000            | 4,000            | 2,108            | (1,892)                     |
| Army Corps of Engineers         | 75,000           | 75,000           | 61,875           | (13,125)                    |
| Law enforcement contracts       | 16,000           | 16,000           | -                | (16,000)                    |
| Vast donations                  | -                | -                | 6,100            | 6,100                       |
| FILT-I F&G                      | 6,500            | 6,500            | 6,868            | 368                         |
| Total intergovernmental         | <u>1,337,762</u> | <u>1,337,762</u> | <u>1,318,525</u> | <u>(19,237)</u>             |
| Charges for services:           |                  |                  |                  |                             |
| Prisoner board                  | 316,120          | 316,120          | 412,510          | 96,390                      |
| Public defender costs           | -                | -                | 15,543           | 15,543                      |
| ITD reinstatement               | -                | -                | 32,320           | 32,320                      |
| Processing and servicing fees   | 19,000           | 19,000           | 26,098           | 7,098                       |
| Fingerprinting and bonding fees | 15,500           | 15,500           | 17,549           | 2,049                       |
| Work release and inmate labor   | 75,000           | 75,000           | 73,026           | (1,974)                     |
| Court surcharge                 | -                | -                | 55,856           | 55,856                      |
| Other                           | 18,226           | 18,226           | 41,674           | 23,448                      |
| Total charges for services      | <u>443,846</u>   | <u>443,846</u>   | <u>674,576</u>   | <u>230,730</u>              |

See accompanying independent auditors' report.

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Revenues - Budget and Actual - Justice Fund (Continued)

Year Ended September 30, 2004

|                          | Budgeted Amounts   |                    | Actual             | Variance<br>Over<br>(Under) |
|--------------------------|--------------------|--------------------|--------------------|-----------------------------|
|                          | Original           | Final              |                    |                             |
| Justice (continued):     |                    |                    |                    |                             |
| Miscellaneous:           |                    |                    |                    |                             |
| Sale of County property  | \$ -               | \$ -               | \$ 3,766           | \$ 3,766                    |
| Reimbursements           | 10,000             | 10,000             | 25,413             | 15,413                      |
| Pay phone commissions    | -                  | -                  | 1,507              | 1,507                       |
| Miscellaneous            | -                  | -                  | 2,029              | 2,029                       |
| Kitchen fund             | 1,000              | 1,000              | 2,242              | 1,242                       |
| Prisoner reimbursements  | 4,300              | 4,300              | 12,415             | 8,115                       |
| Total miscellaneous      | <u>15,300</u>      | <u>15,300</u>      | <u>47,372</u>      | <u>32,072</u>               |
| Total justice            | <u>7,888,105</u>   | <u>7,888,105</u>   | <u>8,312,961</u>   | <u>424,856</u>              |
|                          |                    |                    |                    |                             |
| Total all justice funds: |                    |                    |                    |                             |
| Taxes                    | 5,873,107          | 5,873,107          | 6,026,204          | 153,097                     |
| Licenses and permits     | 218,090            | 218,090            | 246,284            | 28,194                      |
| Intergovernmental        | 1,337,762          | 1,337,762          | 1,318,525          | (19,237)                    |
| Charges for services     | 443,846            | 443,846            | 674,576            | 230,730                     |
| Miscellaneous            | <u>15,300</u>      | <u>15,300</u>      | <u>47,372</u>      | <u>32,072</u>               |
| Total justice fund       | <u>\$7,888,105</u> | <u>\$7,888,105</u> | <u>\$8,312,961</u> | <u>\$ 424,856</u>           |

**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Statement of Expenditures - Budget and Actual -**  
**Justice Fund**

**Year Ended September 30, 2004**

|                            | Budgeted Amounts |                  | Actual           | Variance<br>Over<br>(Under) |
|----------------------------|------------------|------------------|------------------|-----------------------------|
|                            | Original         | Final            |                  |                             |
| Justice:                   |                  |                  |                  |                             |
| Public safety:             |                  |                  |                  |                             |
| Clerk:                     |                  |                  |                  |                             |
| Salaries                   | \$ 510,022       | \$ 510,022       | \$ 514,568       | \$ (4,546)                  |
| Sheriff:                   |                  |                  |                  |                             |
| Salaries                   | 2,012,164        | 2,012,164        | 2,011,140        | 1,024                       |
| Other services and charges | 402,807          | 406,573          | 384,335          | 22,238                      |
| Debt service:              |                  |                  |                  |                             |
| Principal                  | 18,220           | 18,220           | 19,281           | (1,061)                     |
| Interest                   | 838              | 838              | 887              | (49)                        |
| Capital outlay             | 18,900           | 18,900           | 10,200           | 8,700                       |
| Total sheriff              | <u>2,452,929</u> | <u>2,456,695</u> | <u>2,425,843</u> | <u>30,852</u>               |
| Prosecuting attorney:      |                  |                  |                  |                             |
| Salaries                   | 529,458          | 531,824          | 525,604          | 6,220                       |
| Other services and charges | 75,240           | 83,874           | 80,319           | 3,555                       |
| Capital outlay             | 3,233            | 11,233           | 14,865           | (3,632)                     |
| Total prosecuting attorney | <u>607,931</u>   | <u>626,931</u>   | <u>620,788</u>   | <u>6,143</u>                |
| Public defender:           |                  |                  |                  |                             |
| Salaries                   | 222,629          | 222,629          | 219,228          | 3,401                       |
| Other services and charges | 55,377           | 55,377           | 48,411           | 6,966                       |
| Capital outlay             | -                | -                | 1,359            | (1,359)                     |
| Total public defender      | <u>278,006</u>   | <u>278,006</u>   | <u>268,998</u>   | <u>9,008</u>                |
| Juvenile detention:        |                  |                  |                  |                             |
| Salaries                   | 328,443          | 328,443          | 316,088          | 12,355                      |
| Other services and charges | 166,813          | 166,813          | 164,395          | 2,418                       |
| Capital outlay             | 1,240            | 1,240            | 1,098            | 142                         |
| Total juvenile detention   | <u>496,496</u>   | <u>496,496</u>   | <u>481,581</u>   | <u>14,915</u>               |
| General:                   |                  |                  |                  |                             |
| Salaries                   | -                | 60,000           | 21,742           | 38,258                      |
| Benefits                   | 1,734,735        | 1,753,459        | 1,601,818        | 151,641                     |
| Other services and charges | 285,678          | 285,678          | 265,671          | 20,007                      |
| Capital outlay             | -                | 981,276          | 950,136          | 31,140                      |
| Total general              | <u>2,020,413</u> | <u>3,080,413</u> | <u>2,839,367</u> | <u>241,046</u>              |

See accompanying independent auditors' report.



**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Statement of Expenditures - Budget and Actual -**  
**Justice Fund (Continued)**

**Year Ended September 30, 2004**

|                            | <u>Budgeted Amounts</u> |                    | <u>Actual</u>      | <u>Variance<br/>Over<br/>(Under)</u> |
|----------------------------|-------------------------|--------------------|--------------------|--------------------------------------|
|                            | <u>Original</u>         | <u>Final</u>       |                    |                                      |
| Justice (continued):       |                         |                    |                    |                                      |
| Public safety (continued): |                         |                    |                    |                                      |
| Jail:                      |                         |                    |                    |                                      |
| Salaries                   | \$1,303,079             | \$1,303,079        | \$1,302,134        | \$ 945                               |
| Other services and charges | 508,680                 | 508,680            | 507,589            | 1,091                                |
| Capital outlay             | -                       | -                  | 1,100              | (1,100)                              |
| Total jail                 | <u>1,811,759</u>        | <u>1,811,759</u>   | <u>1,810,823</u>   | <u>936</u>                           |
| Marine patrol:             |                         |                    |                    |                                      |
| Salaries                   | 111,578                 | 111,578            | 106,452            | 5,126                                |
| Other services and charges | 36,271                  | 36,271             | 35,590             | 681                                  |
| Capital outlay             | 1,200                   | 1,200              | 1,850              | (650)                                |
| Total marine patrol        | <u>149,049</u>          | <u>149,049</u>     | <u>143,892</u>     | <u>5,157</u>                         |
| Building and grounds:      |                         |                    |                    |                                      |
| Other services and charges | 16,000                  | 16,000             | 18,555             | (2,555)                              |
| Capital outlay             | 8,000                   | 8,000              | 5,406              | 2,594                                |
| Total building and grounds | <u>24,000</u>           | <u>24,000</u>      | <u>23,961</u>      | <u>39</u>                            |
| 5% statutory reserve:      |                         |                    |                    |                                      |
| Other services and charges | <u>214,000</u>          | <u>214,000</u>     | <u>-</u>           | <u>214,000</u>                       |
| Total public safety        | 8,512,974               | 8,606,464          | 8,123,639          | 482,825                              |
| Debt service:              |                         |                    |                    |                                      |
| Principal                  | 18,220                  | 18,220             | 19,281             | (1,061)                              |
| Interest                   | 838                     | 838                | 887                | (49)                                 |
| Total capital outlay       | <u>32,573</u>           | <u>1,021,849</u>   | <u>986,014</u>     | <u>35,835</u>                        |
| Total justice              | <u>\$8,564,605</u>      | <u>\$9,647,371</u> | <u>\$9,129,821</u> | <u>\$ 517,550</u>                    |

See accompanying independent auditors' report.

# Bonner County, Idaho

## Sandpoint, Idaho

### Statement of Revenues and Expenditures - Budget and Actual - Road and Bridge Fund

Year Ended  
September 30, 2004

|  | Budgeted Amounts    |                     | Actual            | Variance<br>Over<br>(Under) |
|--|---------------------|---------------------|-------------------|-----------------------------|
|  | Original            | Final               |                   |                             |
| Revenues                                     |                     |                     |                   |                             |
| Taxes:                                       |                     |                     |                   |                             |
| Current                                      | \$3,072,072         | \$3,072,072         | \$3,192,480       | \$ 120,408                  |
| Penalties and interest                       | 24,200              | 24,200              | 51,646            | 27,446                      |
| REA tax                                      | 31,053              | 31,053              | 29,164            | (1,889)                     |
| Total taxes                                  | <u>3,127,325</u>    | <u>3,127,325</u>    | <u>3,273,290</u>  | <u>145,965</u>              |
| Intergovernmental:                           |                     |                     |                   |                             |
| Highway user revenue                         | 1,529,519           | 1,529,519           | 1,561,989         | 32,470                      |
| Exchange program                             | 90,000              | 90,000              | -                 | (90,000)                    |
| Sales tax base and excess                    | 100,000             | 100,000             | 104,510           | 4,510                       |
| Category 58 replacement revenue              | 11,026              | 11,026              | 5,513             | (5,513)                     |
| State cost sharing                           | -                   | -                   | 129,513           | 129,513                     |
| Forest apportionment                         | 764,243             | 764,243             | 747,007           | (17,236)                    |
| Total intergovernmental                      | <u>2,494,788</u>    | <u>2,494,788</u>    | <u>2,548,532</u>  | <u>53,744</u>               |
| Miscellaneous:                               |                     |                     |                   |                             |
| Sale of County property                      | -                   | -                   | 23,246            | 23,246                      |
| Miscellaneous                                | -                   | -                   | 5,662             | 5,662                       |
| Refunds and reimbursements                   | 12,000              | 12,000              | 45,020            | 33,020                      |
| Total miscellaneous                          | <u>12,000</u>       | <u>12,000</u>       | <u>73,928</u>     | <u>61,928</u>               |
| Total revenues                               | <u>5,634,113</u>    | <u>5,634,113</u>    | <u>5,895,750</u>  | <u>261,637</u>              |
| Expenditures                                 |                     |                     |                   |                             |
| Current:                                     |                     |                     |                   |                             |
| Salaries                                     | 1,473,062           | 1,473,062           | 1,311,476         | 161,586                     |
| Benefits                                     | 476,614             | 476,614             | 423,712           | 52,902                      |
| Other services and charges                   | 2,983,183           | 2,983,183           | 2,628,792         | 354,391                     |
| Total current                                | <u>4,932,859</u>    | <u>4,932,859</u>    | <u>4,363,980</u>  | <u>568,879</u>              |
| Debt service:                                |                     |                     |                   |                             |
| Principal                                    | 190,215             | 190,215             | 202,708           | (12,493)                    |
| Interest                                     | 61,720              | 61,720              | 65,774            | (4,054)                     |
| Total debt service                           | <u>251,935</u>      | <u>251,935</u>      | <u>268,482</u>    | <u>(16,547)</u>             |
| Capital outlay                               | <u>633,731</u>      | <u>1,065,997</u>    | <u>862,754</u>    | <u>203,243</u>              |
| Total expenditures                           | <u>5,818,525</u>    | <u>6,250,791</u>    | <u>5,495,216</u>  | <u>755,575</u>              |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (184,412)           | (616,678)           | 400,534           | 1,017,212                   |
| OTHER FINANCING SOURCES:                     |                     |                     |                   |                             |
| Capital leases                               | -                   | -                   | 161,572           | 161,572                     |
| NET CHANGE IN FUND BALANCE                   | <u>\$ (184,412)</u> | <u>\$ (616,678)</u> | <u>\$ 562,106</u> | <u>\$1,178,784</u>          |

See accompanying independent auditors' report.

**Bonner County, Idaho**  
**Sandpoint, Idaho**

**Statement of Revenues and Expenditures -**  
**(Non-GAAP Budgetary Basis) - Budget and Actual -**  
**Solid Waste Enterprise Fund**

**Year Ended September 30, 2004**

|   | <u>Budget</u>       | <u>Actual</u>       | Variance<br>Favorable<br>(Unfavorable) |
|---|---------------------|---------------------|--|
| <b>REVENUES:</b>                            |                     |                     |  |
| Charges for services:                       |                     |                     |  |
| Fees  | \$1,522,670         | \$1,507,579         | \$ (15,091)                            |
| Commercial disposal                         | 1,160,667           | 992,391             | (168,276)                              |
| Gate  | 57,000              | 107,176             | 50,176                                 |
| Total charges for services                  | <u>2,740,337</u>    | <u>2,607,146</u>    | <u>(133,191)</u>                       |
| Penalties and interest                      | -                   | 24,292              | 24,292                                 |
| Miscellaneous                               | 22,548              | 43,420              | 20,872                                 |
| Total revenues                              | <u>2,762,885</u>    | <u>2,674,858</u>    | <u>(88,027)</u>                        |
| <b>EXPENDITURES:</b>                        |                     |                     |  |
| Salaries                                    | 500,228             | 458,727             | 41,501                                 |
| Benefits                                    | 246,130             | 188,980             | 57,150                                 |
| Other services and charges                  | 2,154,638           | 2,367,779           | (213,141)                              |
| Capital outlay                              | 627,710             | 169,975             | 457,735                                |
| Total expenses                              | <u>3,528,706</u>    | <u>3,185,461</u>    | <u>343,245</u>                         |
| <b>EXCESS OF EXPENDITURES OVER REVENUES</b> | <u>\$ (765,821)</u> | <u>\$ (510,603)</u> | <u>\$ 255,218</u>                      |

See accompanying independent auditors' report.