



LE MASTER &
DANIELS PLLC

BONNER COUNTY, IDAHO
SANDPOINT, IDAHO

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

September 30, 2005

Bonner County, Idaho

Sandpoint, Idaho

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LE MASTER &
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ACCOUNTING

INDEPENDENT AUDITORS' REPORT

AND

CONSULTING

SERVICES

Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho

MEMBER OF

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NETWORK

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, 2005, 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of September 30, 2005, 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, Ambulance District 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 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 18, 2005, 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 12 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. 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 & Daniels PLLC

Spokane, Washington
November 18, 2005

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

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, 2005. 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 2005 are as follows:

The County's Governmental Activities net assets at September 30, 2005, increased \$235,601,345 from the net assets reported in the prior year financial statements. Although significant, the increase is due primarily to including the infrastructure of the County in our capital asset inventory. This increase includes the \$252,282,070 net restatement of the beginning net assets per Note 17, Restatement of Net Assets, as required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*. It is not due to the costs associated with newly acquired property or equipment. For the current year activity, there was a \$16,680,725 decrease in net assets as noted in the statement of activities. The County's Business Activities net assets decreased \$78,827 from the prior year. This change is due primarily to an increase in operating expenses and the depreciation of our currently held assets in our Solid Waste Fund.

At the end of the current year, the County's governmental funds reported an ending fund balance of \$13,795,015. Of this amount, \$13,275,791 is available for spending (unreserved fund balance) on behalf of its citizens.

The General Fund's unreserved fund balance is \$2,110,129 at the end of the current fiscal year.

The County's cash and cash equivalents, unrestricted, as of September 30, 2005, are \$18,367,783.

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.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

Overview of the Financial Statements (continued)

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.

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 September 30, 2003, 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 provides the 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 2005 compared to 2004:

Bonner County's Net Assets							
	Governmental Activities		Business-type Activities		Total		Percentage Change
	2005	2004	2005	2004	2005	2004	2004-2005
Current and other assets	\$ 33,716,793	\$ 31,367,364	\$ 3,508,463	\$ 3,471,240	\$ 37,225,256	\$ 34,838,604	6.9%
Capital assets	241,169,223	259,777,322	1,433,893	1,568,324	242,603,116	261,345,646	-7.2%
Total assets	<u>\$274,886,016</u>	<u>\$291,144,686</u>	<u>\$ 4,942,356</u>	<u>\$ 5,039,564</u>	<u>\$279,828,372</u>	<u>\$296,184,250</u>	<u>-5.5%</u>
Long-term liabilities outstanding	\$ 3,026,326	\$ 2,967,892	\$ 23,005	\$ 4,873	\$ 3,049,331	\$ 2,972,765	2.6%
Other liabilities	18,780,339	18,416,718	508,591	545,104	19,288,930	18,961,822	1.7%
Total liabilities	<u>\$ 21,806,665</u>	<u>\$ 21,384,610</u>	<u>\$ 531,596</u>	<u>\$ 549,977</u>	<u>\$ 22,338,261</u>	<u>\$ 21,934,587</u>	<u>1.8%</u>
Net assets:							
Invested in capital assets, net of related debt	\$239,678,897	\$257,287,449	\$ 1,433,893	\$ 1,568,324	\$241,112,790	\$258,855,773	-6.9%
Restricted	519,224	519,143	664,977	664,977	1,184,201	1,184,120	0.0%
Unrestricted	12,881,230	11,953,484	2,311,890	2,256,266	15,193,120	14,209,770	6.9%
Total net assets	<u>\$253,079,351</u>	<u>\$269,760,076</u>	<u>\$ 4,410,760</u>	<u>\$ 4,489,567</u>	<u>\$257,490,111</u>	<u>\$274,249,663</u>	<u>-6.1%</u>

The implementation of GASB 34 has had a profound impact upon the County's financial statements, increasing both the current assets and related current liabilities for the subsequent year's property tax of \$15,324,548. 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 \$257,490,111 (\$253,079,351 in governmental activities and \$4,410,760 in business activities) as of September 30, 2005. By far, the largest portion of the County's net assets (94 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 (0.5 percent) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$15,193,120) 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 2005 and 2004:

Bonner County's Changes in Net Assets							
	Governmental Activities		Business-type Activities		Total		Percentage Change 2004-2005
	2005	2004	2005	2004	2005	2004	
Revenues:							
Program revenues:							
Charges for services	\$ 2,715,875	\$ 1,217,761	\$ 1,740,068	\$ 1,114,051	\$ 4,455,943	\$ 2,331,812	91.1%
Operating grants and contributions	738,901	1,328,982	-	-	738,901	1,328,982	-44.4%
Capital grants and contributions	730,530	1,060,429	-	-	730,530	1,060,429	-31.1%
General revenues:							
Property taxes	14,955,338	14,459,101	-	-	14,955,338	14,459,101	3.4%
Other taxes	253,445	258,197	1,493,095	1,493,095	1,746,540	1,751,292	-0.3%
Intergovernmental	5,770,559	4,851,713	-	-	5,770,559	4,851,713	18.9%
Other	1,503,087	1,871,520	53,156	67,712	1,556,243	1,939,232	-19.7%
Gain on sale	199,254	-	-	-	199,254	-	0.0%
Total revenues	26,866,989	25,047,703	3,286,319	2,674,858	30,153,308	27,722,561	8.8%
Expenses:							
General government	6,219,992	6,447,649	-	-	6,219,992	6,447,649	-3.3%
Public safety	10,843,921	9,159,643	-	-	10,843,921	9,159,643	18.4%
Highways and streets	24,991,978	28,212,525	-	-	24,991,978	28,212,525	-11.5%
Sanitation	120,800	128,241	-	-	120,800	128,241	-5.8%
Health	220,000	213,593	-	-	220,000	213,593	3.0%
Welfare	342,851	459,181	-	-	342,851	459,181	-25.3%
Education	380,000	352,001	-	-	380,000	352,001	8.0%
Culture and recreation	336,625	331,685	-	-	336,625	331,685	1.5%
Interest on long-term debt	91,547	161,762	-	-	91,547	161,762	-43.4%
Solid waste	-	-	3,365,146	3,191,420	3,365,146	3,191,420	5.4%
Total expenses	43,547,714	45,466,280	3,365,146	3,191,420	46,912,860	48,657,700	-3.6%
Change in net assets	\$ (16,680,725)	\$ (20,418,577)	\$ (78,827)	\$ (516,562)	\$ (16,759,552)	\$ (20,935,139)	-19.9%

Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$2,715,875 or 10.0 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 \$1,469,431 or 5.4 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 \$14,955,338 of the \$26,866,989 total revenues for governmental activities, or 54.6 percent of total revenues.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

Governmental Activities (continued)

Highways and Streets accounted for \$24,991,978 of the \$43,547,714 total expenses for governmental activities, or 57.4 percent of total expenses. The main component of the expenses (\$23,221,015) for the Highways and Streets was the depreciation expense related to the capitalization of the road infrastructure within the County. The next largest program was Public Safety, accounting for \$10,843,921 and representing 24.9 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, 2005 and 2004

	Total Cost of Services		Percentage change 2004-2005	Net Cost of Service		Percentage change 2004-2005
	2005	2004		2005	2004	
General government	\$ 6,219,992	\$ 6,447,649	-3.5%	\$ 4,514,842	\$ 4,907,070	-8.0%
Public safety	10,843,921	9,159,643	18.4%	8,709,053	7,268,868	19.8%
Highways and streets	24,991,978	28,212,525	-11.4%	24,991,978	25,316,016	-1.3%
Sanitation	120,800	128,241	-5.8%	120,800	109,931	9.9%
Health	220,000	213,593	3.0%	210,075	203,668	3.1%
Welfare	342,851	459,181	-25.3%	342,851	459,181	-25.3%
Education	380,000	352,001	8.0%	380,000	352,001	8.0%
Culture and recreation	336,625	331,685	1.5%	1,262	165,792	-99.2%
Interest on long-term debt	91,547	161,762	-43.4%	91,547	161,762	-43.4%
Total	\$ 43,547,714	\$ 45,466,280	-4.2%	\$ 39,362,408	\$ 38,944,289	1.1%

Charges for services and operating grants of \$4,185,306 (9.6 percent of the total costs of services) are received and used to fund the general government expenses of the County. The remaining \$39,362,408 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 \$78,827 during 2005 and the major revenue sources were charges for services of \$1,740,068.

Overall Financial Position

Governmental Funds: The major funds include our General (Current Expense), Road and Bridge, Justice Fund, and the Ambulance District. 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. While our Justice Fund reserves now fall below the 30 percent usually maintained, the fund is moderately strong and will require vigilance to ensure it continues to gain strength.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

Overall Financial Position (continued)

Deficit Fund Equity

At the year ended September 30, 2005, the Ambulance District fund had a deficit fund balance of \$740,442. The Ambulance District is recognized as a separate legal taxing district. 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 budget levy for 2005 was \$2,173,757, which is intended to fund the deficit balance and fiscal year 2006 operations.

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 tried to resolve this problem by implementing a new fee schedule in FY 2004-2005. Our revenues from this source began to be realized in FY 2005-2006. Although the increase still does not completely satisfy our need to supplant our every-day operations, it was felt that no further fee increases should occur this year.

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

Capital Assets and Long-Term Debt

The financial statement report reflects an increase in our capital assets of major proportions totaling 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.

In the current fiscal year, our long-term liabilities, which are comprised of compensated absences, special assessments and leases payable stayed consistent with the prior year. As of September 30, 2005, our *Governmental Activities* show a minimal net increase of \$58,435 over the previous fiscal year. The minimal increase relates to the trade-in and capital lease financing of new six motor graders during the years. Although our *Business-type Activities* show an increase related to compensated absences, it is nominal.

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

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.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

Budget Variations

For the year ended September 30, 2005, expenditures exceeded appropriations in the road and bridge fund by \$1,102,777. The excess expenditure is related to the trade-in of six motor graders and the repayment of the related debt. In addition, the County incurred new leases for the replacement motor graders in the amount of \$1,198,185, which was an additional financing source, and was also recorded as a capital outlay causing the expenditures to exceed the budget.

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 Litehouse 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

Management's Discussion and Analysis

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

County Operations:

- Bonner County suffers from major growing pains and its physical plant no longer meets its needs. We now see many of our county operations housed in buildings outside the main courthouse which requires the unnecessary expense of paying rental for these offices. The Board has established a committee to look into the best plan for addressing this issue. While no immediate relocation plans currently exist, the topic itself has not been abandoned.
- Exploration is currently being undertaken on the topic of replacing, remodeling, or adding on to the existing jail and the best available funding methods to accomplish that.
- Bonner County assumed full responsibility for the 911 operations with an effective date of October 1, 2005. This resulted in a major budgetary impact in our operations. *10/1/04*
incurred
- Establishing ambulance service became a priority for Bonner County when Big Sky Ambulance Service had to close its doors due to financial woes with little advance warning. By a vote of the Board, the County Commissioners established a new, independent, taxing district in Bonner County to meet these needs. 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.
- Bonner County undertook the development of a 5-year plan for setting goals by department. Workshops were held with each elected official and department head to develop realistic goals that have the potential of being implemented in phases.
- Wages for County employees were again considerably below market which was resulting in a high turnover rate. Emphasis was placed on revamping the County's pay plan to help address this problem. Work on revamping the program and the incurrence of the associated costs took place during this fiscal year, however, the first phase of the plan was not actually implemented until October 2005.
- We continue to see a phenomenal growth rate which impacts all areas of our operations from infrastructure, to an impact on law enforcement, the courts, planning and zoning, airport, indigent needs, etc. As a county, we are having a great deal of financial difficulty meeting the needs that accompanies this growth. Although various methods of alternate funding have been explored, and in some cases, obtained, the revenue is not enough to satisfy the costs incurred. If this growth continues and we are held to the current funding standards set in place by law, we will continue to fall behind in meeting the needs of our community.

Bonner County, Idaho
Sandpoint, Idaho

Management's Discussion and Analysis

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, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 15,781,975	\$ 2,585,808	\$ 18,367,783
Receivables, net of allowance for uncollectibles:			
Taxes	15,175,130	-	15,175,130
Fees	-	138,221	138,221
Interest	33,717	-	33,717
Accounts	222,320	119,457	341,777
Special assessments	1,086,532	-	1,086,532
Due from other governments	461,677	-	461,677
Receivable from other funds	788,430	-	788,430
Prepaid expenses	3,891	-	3,891
Restricted assets:			
Cash	163,121	664,313	827,434
Cash on deposit with fiscal agent	-	664	664
Capital assets:			
Land	-	57,500	57,500
Other capital assets, net of depreciation	241,169,223	1,376,393	242,545,616
Total assets	<u>274,886,016</u>	<u>4,942,356</u>	<u>279,828,372</u>
LIABILITIES:			
Warrants payable	1,863,397	492,860	2,356,257
Vouchers payable	357,044	-	357,044
Accrued payroll	230,035	12,321	242,356
Accrued retirement payable	58,747	3,410	62,157
Accrued interest payable	30,018	-	30,018
Payable to funds	787,425	-	787,425
Deferred revenue	15,453,673	-	15,453,673
Long-term liabilities:			
Due within one year:			
Compensated absences	379,429	15,804	395,233
Special assessment bonds payable	200,000	-	200,000
Leases payable	397,319	-	397,319
Due in more than one year:			
Compensated absences	71,571	7,201	78,772
Special assessment bonds payable	885,000	-	885,000
Leases payable	1,093,007	-	1,093,007
Total liabilities	<u>21,806,665</u>	<u>531,596</u>	<u>22,338,261</u>
NET ASSETS:			
Invested in capital assets, net of related debt	239,678,897	1,433,893	241,112,790
Restricted for:			
Debt retirement	519,224	664	519,888
Capital improvements	-	664,313	664,313
Unrestricted	<u>12,881,230</u>	<u>2,311,890</u>	<u>15,193,120</u>
Total net assets	<u>\$ 253,079,351</u>	<u>\$ 4,410,760</u>	<u>\$ 257,490,111</u>

See accompanying notes to financial statements.

Bonner County, Idaho Sandpoint, Idaho

Statement of Activities

Year Ended September 30, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating		Primary Government				
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 6,219,992	\$ 1,370,482	\$ -	\$ 334,668	\$ (4,514,842)	\$ -	\$ (4,514,842)		
Public safety	10,843,921	1,204,951	707,301	222,616	(8,709,053)	-	(8,709,053)		
Highways and streets	24,991,978	-	-	-	(24,991,978)	-	(24,991,978)		
Sanitation	120,800	-	-	-	(120,800)	-	(120,800)		
Health	220,000	9,925	-	-	(210,075)	-	(210,075)		
Welfare	342,851	-	-	-	(342,851)	-	(342,851)		
Education	380,000	-	-	-	(380,000)	-	(380,000)		
Culture and recreation	336,625	130,517	31,600	173,246	(1,262)	-	(1,262)		
Interest on long-term debt	91,547	-	-	-	(91,547)	-	(91,547)		
Total governmental activities	43,547,714	2,715,875	738,901	730,530	(39,362,408)	-	(39,362,408)		
Business-type activities:									
Solid waste	3,365,146	1,740,068	-	-	-	(1,625,078)	(1,625,078)		
Total business-type activities	3,365,146	1,740,068	-	-	-	(1,625,078)	(1,625,078)		
	\$ 46,912,860	\$ 4,455,943	\$ 738,901	\$ 730,530	(39,362,408)	(1,625,078)	(40,987,486)		
General revenues:									
Taxes:									
Property taxes, levied for general purposes					14,955,338	-	14,955,338		
Special assessments					253,445	1,493,095	1,746,540		
Intergovernmental revenues					5,770,559	-	5,770,559		
Miscellaneous					1,039,261	53,156	1,092,417		
Interest and investment earnings					463,826	-	463,826		
Gain on sale of assets					199,254	-	199,254		
Total general revenues and special items					22,681,683	1,546,251	24,227,934		
Change in net assets					(16,680,725)	(78,827)	(16,759,552)		
Net assets, beginning, as restated					269,760,076	4,489,587	274,249,663		
Net assets, ending					\$ 253,079,351	\$ 4,410,760	\$ 257,490,111		

See accompanying notes to financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Combined Balance Sheet - Governmental Funds

September 30, 2005

	General	Justice	Road and Bridge	Ambulance District	Debt Service	Other Governmental	Total Governmental
Assets							
Cash and investments	\$ 2,316,490	\$ 3,339,027	\$ 3,161,651	\$ 95,883	\$ 353,874	\$ 6,515,050	\$ 15,781,975
Receivables, net of allowance for uncollectibles:							
Taxes	87,515	378,540	-	-	-	192,352	658,407
Interest	33,041	-	-	-	-	676	33,717
Accounts	97,466	30,935	3,533	1,093	-	89,293	222,320
Special assessments	-	-	210,261	-	876,271	-	1,086,532
Due from other governments	-	47,077	-	-	-	414,600	461,677
Due from other funds	-	769,425	-	-	-	19,005	788,430
Prepaid expenses	1,455	1,123	187	-	-	1,126	3,891
Restricted assets:							
Cash	-	-	-	-	163,121	-	163,121
Total assets	\$ 2,535,967	\$ 4,566,127	\$ 3,375,632	\$ 96,976	\$ 1,393,266	\$ 7,232,102	\$ 19,200,070
Liabilities and Fund Balances							
LIABILITIES:							
Warrants payable	\$ 238,289	\$ 511,985	\$ 422,929	\$ 53,180	\$ 133	\$ 636,881	\$ 1,863,397
Vouchers payable	69	15,533	-	-	-	341,442	357,044
Accrued payroll	35,708	109,643	30,805	11,224	-	42,658	230,038
Accrued retirement payable	9,330	27,906	9,799	1,304	-	10,408	58,747
Due to other funds	-	-	-	769,425	-	18,000	787,425
Deferred revenue	81,477	352,023	194,879	-	873,909	226,687	1,728,975
Compensated absences payable	60,965	179,491	70,721	2,285	-	65,967	379,429
Total liabilities	425,838	1,196,581	729,133	837,418	874,042	1,342,043	5,405,055
FUND BALANCES:							
Reserved for:							
Debt service	-	-	-	-	519,224	-	519,224
Unreserved, reported in:							
General fund	2,110,129	-	-	-	-	-	2,110,129
Special revenue fund	-	3,369,546	2,646,499	(740,442)	-	4,779,956	10,055,559
Capital projects fund	-	-	-	-	-	1,110,103	1,110,103
Total fund balances	2,110,129	3,369,546	2,646,499	(740,442)	519,224	5,890,059	13,795,015
Total liabilities and fund balances	\$ 2,535,967	\$ 4,566,127	\$ 3,375,632	\$ 96,976	\$ 1,393,266	\$ 7,232,102	\$ 19,200,070

See accompanying notes to financial statements.

Bonner County, Idaho
Sandpoint, Idaho

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

September 30, 2005

Total fund balances as shown on the Governmental Funds Balance Sheet		\$ 13,795,015
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, 2005.		241,169,223
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes		792,028
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	\$ (1,490,326)	
Special assessment bonds payable	(1,085,000)	
Compensated absences	(71,571)	
Accrued interest payable	(30,018)	
		<u>(2,676,915)</u>
Total net assets as shown on the statement of net assets		<u><u>\$ 253,079,351</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, 2005

	General	Justice	Road and Bridge	Ambulance District	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes	\$ 1,494,540	\$ 6,613,213	\$ 3,330,969	\$ 8,929	\$ -	\$ 3,747,397	\$ 15,195,048
Licenses and permits	515,356	212,468	-	-	-	130,517	858,341
Intergovernmental	503,028	1,472,502	2,538,891	-	-	2,725,569	7,239,990
Charges for services	569,363	744,664	-	-	-	290,227	1,604,254
Fines	-	-	-	-	-	253,280	253,280
Special assessments	-	-	-	-	253,323	122	253,445
Interest income	459,907	-	-	-	-	3,919	463,826
Miscellaneous	534,441	123,775	745,138	156	-	373,751	1,777,261
Total revenues	<u>4,076,635</u>	<u>9,166,622</u>	<u>6,614,998</u>	<u>9,085</u>	<u>253,323</u>	<u>7,524,782</u>	<u>27,645,445</u>
EXPENDITURES:							
Current:							
General government	3,077,429	-	-	-	-	3,014,840	6,092,269
Public safety	189,470	8,225,386	-	556,358	-	1,558,673	10,529,887
Highways and streets	-	-	4,098,716	-	-	451,575	4,550,291
Sanitation	-	-	-	-	-	120,800	120,800
Health	-	-	-	-	-	220,000	220,000
Welfare	-	-	-	-	-	341,432	341,432
Education	-	-	-	-	-	380,000	380,000
Culture and recreation	-	-	-	-	-	308,936	308,936
Capital outlay	64,263	512,231	1,744,966	193,169	-	581,322	3,095,951
Debt service:							
Principal	-	26,848	923,907	-	190,000	-	1,140,755
Interest and fiscal charges	-	989	23,325	-	86,583	-	110,897
Total expenditures	<u>3,331,162</u>	<u>8,765,454</u>	<u>6,790,914</u>	<u>749,527</u>	<u>276,583</u>	<u>6,977,578</u>	<u>26,891,218</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>745,473</u>	<u>401,168</u>	<u>(175,916)</u>	<u>(740,442)</u>	<u>(23,260)</u>	<u>547,204</u>	<u>754,227</u>
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	55,957	151,586	-	-	-	(207,543)	-
Capital leases	-	42,195	1,198,185	-	-	-	1,240,380
Total other financing sources (uses)	<u>55,957</u>	<u>193,781</u>	<u>1,198,185</u>	<u>-</u>	<u>-</u>	<u>(207,543)</u>	<u>1,240,380</u>
NET CHANGE IN FUND BALANCES	801,430	594,949	1,022,269	(740,442)	(23,260)	339,661	1,994,607
FUND BALANCES, BEGINNING OF YEAR	<u>1,308,699</u>	<u>2,774,597</u>	<u>1,624,230</u>	<u>-</u>	<u>542,484</u>	<u>5,550,398</u>	<u>11,800,408</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 2,110,129</u>	<u>\$ 3,369,546</u>	<u>\$ 2,646,499</u>	<u>\$ (740,442)</u>	<u>\$ 519,224</u>	<u>\$ 5,890,059</u>	<u>\$ 13,795,015</u>

See accompanying notes to financial statements.

Bonner County, Idaho
Sandpoint, Idaho

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

**Year Ended
September 30, 2005**

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

Net changes in fund balances - total governmental funds	\$ 1,994,607
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(17,811,751)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(239,710)
The net effect of various miscellaneous transactions involving capital assets (ie. sales, trade-in, and donations) is to increase net assets	(538,746)
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.	(85,453)
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.	328
Change in net assets, as reflected on the statement of activities	<u>\$ (16,680,725)</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$1,467,603	\$1,467,603	\$1,494,540	\$ 26,937
Licenses and permits	450,530	450,530	515,356	64,826
Intergovernmental	388,697	388,697	503,028	114,331
Charges for services	435,290	435,290	569,363	134,073
Interest income	226,000	226,000	459,907	233,907
Miscellaneous	541,415	541,415	534,441	(6,974)
Total revenues	<u>3,509,535</u>	<u>3,509,535</u>	<u>4,076,635</u>	<u>567,100</u>
EXPENDITURES:				
Current:				
General government	4,022,223	4,028,893	3,077,429	951,464
Public safety	157,802	193,162	189,470	3,692
Capital outlay	50,650	58,650	64,263	(5,613)
Total expenditures	<u>4,230,675</u>	<u>4,280,705</u>	<u>3,331,162</u>	<u>949,543</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(721,140)	(771,170)	745,473	1,516,643
OTHER FINANCING SOURCES:				
Operating transfers in	-	-	55,957	55,957
NET CHANGE IN FUND BALANCE	(721,140)	(771,170)	801,430	1,572,600
FUND BALANCES, BEGINNING OF YEAR	<u>771,170</u>	<u>771,170</u>	<u>1,308,699</u>	<u>537,529</u>
FUND BALANCES, END OF YEAR	<u>\$ 50,030</u>	<u>\$ -</u>	<u>\$2,110,129</u>	<u>\$2,110,129</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, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$6,542,501	\$6,542,501	\$6,613,213	\$ 70,712
Licenses and permits	209,000	209,000	212,468	3,468
Intergovernmental	1,338,100	1,338,100	1,472,502	134,402
Charges for services	403,626	403,626	744,664	341,038
Miscellaneous	50,400	50,400	123,775	73,375
Total revenues	<u>8,543,627</u>	<u>8,543,627</u>	<u>9,166,622</u>	<u>622,995</u>
EXPENDITURES:				
Current:				
Public safety	8,658,860	8,937,210	8,225,386	711,824
Debt service:				
Principal	32,761	32,761	26,848	5,913
Interest	1,207	1,207	989	218
Capital outlay	237,573	448,292	512,231	(63,939)
Total expenditures	<u>8,930,401</u>	<u>9,419,470</u>	<u>8,765,454</u>	<u>654,016</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(386,774)</u>	<u>(875,843)</u>	<u>401,168</u>	<u>1,277,011</u>
OTHER FINANCING SOURCES:				
Capital leases	-	-	42,195	42,195
Operating transfers in	26,774	26,774	151,586	124,812
	<u>26,774</u>	<u>26,774</u>	<u>193,781</u>	<u>167,007</u>
NET CHANGE IN FUND BALANCE	(360,000)	(849,069)	594,949	1,444,018
FUND BALANCES, BEGINNING OF YEAR	<u>360,000</u>	<u>849,069</u>	<u>2,774,597</u>	<u>1,925,528</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,369,546</u>	<u>\$3,369,546</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$3,139,631	\$3,139,631	\$3,330,969	\$ 191,338
Intergovernmental	2,460,636	2,460,636	2,538,891	78,255
Miscellaneous	56,250	56,250	745,138	688,888
Total revenues	<u>5,656,517</u>	<u>5,656,517</u>	<u>6,614,998</u>	<u>958,481</u>
EXPENDITURES:				
Current:				
Highways and streets	4,820,851	4,802,471	4,098,716	703,755
Debt service:				
Principal	281,302	281,302	923,907	(642,605)
Interest	7,102	7,102	23,325	(16,223)
Capital outlay	597,262	597,262	1,744,966	(1,147,704)
Total expenditures	<u>5,706,517</u>	<u>5,688,137</u>	<u>6,790,914</u>	<u>(1,102,777)</u>
EXCESS OF EXPENDITURES OVER REVENUES	(50,000)	(31,620)	(175,916)	(144,296)
OTHER FINANCING SOURCES:				
Capital leases	-	-	1,198,185	1,198,185
NET CHANGE IN FUND BALANCE	(50,000)	(31,620)	1,022,269	1,053,889
FUND BALANCES, BEGINNING OF YEAR	<u>50,000</u>	<u>31,620</u>	<u>1,624,230</u>	<u>1,592,610</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,646,499</u>	<u>\$2,646,499</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Budget and Actual - Ambulance District Fund Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Taxes:				
Current	\$ -	\$ -	\$ 8,929	\$ 8,929
Miscellaneous	-	-	156	156
Total revenues	-	-	9,085	9,085
EXPENDITURES:				
Current:				
Salaries	-	184,523	173,091	11,432
Benefits	-	42,502	38,640	3,862
Other services and charges	-	452,160	344,627	107,533
Total current expenditures	-	679,185	556,358	122,827
Capital outlay	-	90,240	193,169	(102,929)
Total expenditures	-	769,425	749,527	19,898
NET CHANGE IN FUND BALANCE	-	769,425	(740,442)	28,983
FUND BALANCES, BEGINNING OF YEAR	-	769,425	-	(769,425)
FUND BALANCES (DEFICIT), END OF YEAR	\$ -	\$ -	\$(740,442)	\$(740,442)

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Special assessments	\$236,300	\$236,300	\$253,323	\$ 17,023
Miscellaneous	5,000	5,000	-	(5,000)
Total revenues	<u>241,300</u>	<u>241,300</u>	<u>253,323</u>	<u>12,023</u>
EXPENDITURES:				
Debt service:				
Principal	190,000	190,000	190,000	-
Interest and fiscal charges	159,400	159,400	86,583	72,817
Other	61,831	61,831	-	61,831
Total expenditures	<u>411,231</u>	<u>411,231</u>	<u>276,583</u>	<u>134,648</u>
NET CHANGE IN FUND BALANCE	(169,931)	(169,931)	(23,260)	146,671
FUND BALANCES, BEGINNING OF YEAR	<u>169,931</u>	<u>169,931</u>	<u>542,484</u>	<u>372,553</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$519,224</u>	<u>\$519,224</u>

See accompanying notes to financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Net Assets - Proprietary Funds

September 30, 2005

Business-type
 Activities
 Enterprise
 Funds
Solid Waste

Assets

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,585,808
Receivables, net of allowance for uncollectibles:	
Fees	138,221
Accounts	119,457
Total current assets	<u>2,843,486</u>

NONCURRENT ASSETS:

Restricted assets:	
Cash	\$ 664,313
Cash on deposit with fiscal agent	664
Fixed assets, net of depreciation	<u>1,433,893</u>
Total noncurrent assets	<u>2,098,870</u>
Total assets	<u><u>\$ 4,942,356</u></u>

Liabilities

CURRENT LIABILITIES:

Warrants payable	\$ 492,860
Accrued payroll	12,321
Accrued retirement payable	3,410
Compensated absences payable	15,804
Total current liabilities	<u>524,395</u>

NONCURRENT LIABILITIES:

Compensated absences payable	<u>7,201</u>
Total liabilities	531,596

Net Assets

Invested in capital assets, net of related debt	\$ 1,433,893
Reserved for:	
Debt retirement	664
Capital improvements	664,313
Unrestricted	<u>2,311,890</u>
	<u>4,410,760</u>
Total liabilities and net assets	<u><u>\$ 4,942,356</u></u>

See accompanying notes to financial statements.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2005

	Business-type Activities Enterprise Funds <u>Solid Waste</u>
<i>OPERATING REVENUES:</i>	
Charges for services	\$3,233,163
<i>OPERATING EXPENSES:</i>	
Salaries	\$ 454,450
Benefits	211,429
Other services and charges	2,564,836
Depreciation	134,431
Total operating expenses	<u>3,365,146</u>
<i>OPERATING LOSS</i>	(131,983)
<i>NONOPERATING REVENUES:</i>	
Penalties and interest	23,960
Miscellaneous	29,196
Total nonoperating revenues	<u>53,156</u>
<i>DECREASE IN NET ASSETS</i>	(78,827)
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>4,489,587</u>
<i>NET ASSETS, END OF YEAR</i>	<u><u>\$4,410,760</u></u>

See accompanying notes to financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Cash Flows -
Proprietary Funds

Year Ended September 30, 2005

Business-type
 Activities
 Enterprise
 Funds
Solid Waste

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 3,226,626
Cash payments to suppliers for goods and services	(2,590,862)
Cash payments to employees for services	(658,087)
Net cash used in operating activities	<u>(22,323)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Miscellaneous receipts	<u>53,156</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

30,833

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

3,219,952

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 3,250,785

CASH AND CASH EQUIVALENTS:

Cash	\$ 2,585,808
Restricted assets:	
Cash	664,313
Cash on deposit with fiscal agent	<u>664</u>
	<u><u>\$ 3,250,785</u></u>

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

Operating loss	\$ (131,983)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	\$ 134,431
Changes in assets and liabilities:	
Increase in receivables:	
Fees	(730)
Accounts	(5,807)
Decrease in prepaid expenses	147
Decrease in warrants payable	(26,173)
Increase in accrued payroll	3,687
Increase in retirement payable	1,670
Increase in compensated absences payable	<u>2,435</u>
Total adjustments	<u>109,660</u>
Net cash used in operating activities	<u><u>\$ (22,323)</u></u>

See accompanying notes to financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Fiduciary Net Assets - Fiduciary Funds

September 30, 2005

	Fiduciary Fund Types		
	Employee 457 Deferred Compensation Trust Fund	Agency Funds	Totals (Memorandum Only)
Assets			
Cash and cash equivalents	\$ 482,370	\$ 1,257,224	\$ 1,739,594
Receivable, net of allowance for uncollectibles:			
Taxes	-	1,434,191	1,434,191
Receivable from other funds	-	18,000	18,000
Total assets	<u>\$ 482,370</u>	<u>\$ 2,709,415</u>	<u>\$ 3,191,785</u>
Liabilities and Net Assets			
LIABILITIES:			
Warrants payable	\$ -	\$ 283,318	\$ 283,318
Accounts payable	-	722,420	722,420
Due to other taxing districts	-	1,684,672	1,684,672
Payable to other funds	-	19,005	19,005
Total liabilities	-	<u>\$ 2,709,415</u>	<u>\$ 2,709,415</u>
NET ASSETS:			
Investments held in trust for participants	<u>482,370</u>		
	<u>\$ 482,370</u>		

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2005

	Employee 457 Deferred Compensation <u>Trust Fund</u>
<i>ADDITIONS:</i>	
Trust receipts	\$ 85,163
<i>DEDUCTIONS:</i>	
Trust turnovers	<u>30,390</u>
<i>CHANGE IN NET ASSETS</i>	54,773
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>427,597</u>
<i>NET ASSETS, END OF YEAR</i>	<u><u>\$ 482,370</u></u>

See accompanying notes to financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 County’s significant 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 was one component unit included in the County’s report, which is reported within the special revenue funds and is reported as a major fund.

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

Summary of Significant Accounting Policies (continued):

Basis of Presentation – The accompanying financial statements have been prepared in accordance with a new reporting model defined by GASB Statement No. 34. GASB Statement No. 34 significantly changes financial reporting for governmental entities, including counties. Significant changes of the new reporting model include requirements for government-wide financial statements, management's discussion and analysis (presented as required supplementary information), and reporting of infrastructure such as roads, bridges, and other infrastructure systems. GASB Statement No. 34 permits reporting infrastructure on a prospective basis until the County's fiscal year ending in 2007. Accordingly, major networks of infrastructure assets (as defined in GASB Statement No. 34) acquired since 1979 are not fully reported in the government-wide statements for fiscal 2005.

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. The more significant of the government's accounting policies are described below:

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.

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:

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

Summary of Significant Accounting Policies (continued):

Fund Accounting (continued)

- 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 *Ambulance District* accounts for the revenues earned and services provided for medical care.

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.

- b) **Proprietary Funds** — account for ongoing organizations and activities of the government, which are similar to those found in the private sector. 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:

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

Summary of Significant Accounting Policies (continued):

Fund Accounting (continued)

The *Enterprise Fund* is used to account for those operations that met one of two criteria. (1) The activity runs in manner similar to private business enterprises. Moreover the intent of the governing body is that the ongoing operating costs (including depreciation) of providing goods or services to the public are financed or recovered primarily through user charges. (2) Where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

- 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 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

Notes to Financial Statements

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

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 cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are stated at fair value at September 30, 2005, as determined by quoted market prices, except for the certificates of deposit which are nonparticipating contracts, and are therefore carried at cost. The individual funds' portions of the pool's fair value are presented as "investments." Interest earned on the pooled funds is apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. Interest earnings in certain Special Revenue funds are transferred to the General Fund based on management policy. Idaho Code Section 67 (Code), Chapter 12, provides authorization for the investment of funds as well as to what constitutes an allowable investment. County policy is consistent with the State Code.

The Code limits investments to the following general types:

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 United States Government Agencies.
4. Repurchase agreements secured by the above.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

Summary of Significant Accounting Policies (continued):

Deposits and Investments (continued)

Cash and investments are pooled and invested in certificates of deposit, United States Treasury Securities, United States Government Agency Securities, and repurchase agreements secured by United States Government Securities or United States Government Agencies. The County's policy has been to hold investments until maturity in an attempt to reduce market fluctuation risk.

For purposes of the statement of cash flows, the County considers all highly liquid investments purchased with a maturity of three months or less to be cash. Cash and investment balances for the Enterprise funds represent their allocated share of pooled cash and investments of the County and can be drawn down on demand. The investment purchases and sales information is not available for individual funds and management believes that due to the nature of the pooled investments, this information is not significant for purposes of understanding the statement of cash flows. Accordingly, the net change method is used to report cash flows from investments in these statements.

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, 2005.

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, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), 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.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

Summary of Significant Accounting Policies (continued):

Capital Assets (continued)

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 not fully implemented the capitalization of the infrastructure assets in the governmental activities column in the government-wide financial statements as required 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.

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.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

Summary of Significant Accounting Policies (continued):

Compensated Absences (continued)

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

At September 30, 2005, total compensated absences payable by the County is \$474,005. Of this amount, \$451,000 arises from governmental activity operations and \$23,005 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.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist 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 exclude 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.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

Summary of Significant Accounting Policies (continued):

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.

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

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 \$239,710 difference are as follows:

Unavailable deferred revenue	<u>\$239,710</u>
Net adjustment to increase total governmental funds to arrive at net assets governmental funds	<u>\$239,710</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

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 \$2,676,915 difference are as follows:

Accrued interest payable	\$ 30,018
Capital leases payable	1,490,326
Special assessment bonds payable	1,085,000
Compensated absences	<u>71,571</u>
Net adjustments to reduce — total governmental funds to arrive at net assets — governmental activities	<u>\$ 2,676,915</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 (\$17,811,751) difference are as follows:

Capital outlay	\$ 5,875,279
Depreciation expense	<u>(23,687,030)</u>
Net adjustment to decrease the net changes in fund balance — total governmental funds to arrive at changes in net assets of governmental activities	<u>\$(17,811,751)</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

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 \$(85,453) difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$(1,240,380)
Principal repayments:	
Capital lease	964,927
Special assessment debt	<u>190,000</u>
Net adjustment to decrease net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	 \$ (85,453)

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 \$328 difference are as follows:

Compensated absences	\$ (4,850)
Accrued interest	<u>5,178</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	 \$ 328

NOTE 3 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Information

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

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

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, 2005.

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, 2005, expenditures exceeded appropriations in the road and bridge fund by (\$175,916). The excess expenditure is related to the trade-in of six motor graders and the repayment of the related debt. In addition, the county incurred new leases for the replacement motor graders in the amount of \$1,198,185, which was an additional financing source, and was also recorded as a capital outlay causing the expenditures to exceed the budget.

Deficit Fund Equity

At the year ended September 30, 2005, the Ambulance District fund had a deficit fund balance of \$740,442. The Ambulance District is recognized as a separate legal taxing district. 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 budget levy for 2005 was \$2,173,757 for fiscal year 2006 operations. Loans have been made from the Justice Fund to the Ambulance District to help fund start-up operations and will be paid back over a five-year period.

*10 year
period
per population*

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 4 — DEPOSITS AND INVESTMENTS:

The elected State Treasurer, following Idaho Code, is authorized to sponsor an investment pool that the County voluntarily participates in. The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body — oversight is with the State Treasurer, and Idaho Code defines allowable investments. An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

Through a "Cash Management Sweep Account and Automatic Daily Repurchase Agreement" dated in September 1997 with Wells Fargo Bank, the County invests idle cash in uninsured repurchase agreements. The repurchase agreements are fully collateralized with an undivided, fractional interest in obligations of, or obligations that are fully guaranteed by the United States government, its agencies, or instrumentalities. Title to the securities are vested in the bank. The bank repurchases the undivided, fractional interest from the County on the next banking day.

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

Concentration Credit Risk — The County's investment policy currently does not limit the balance of investments with a single issuer, however no balance with a single issuer is greater than 50% at September 30, 2005. As of September 30, 2005, the following issuers hold more than 5% of the County's total portfolio: Wells Fargo Bank — 38% and U.S. Bank — 16%.

Custodial Credit Risk — Investments — This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. All of the County's investments are registered in the name of Bonner County in accordance with policy.

At September 30, 2005, the market value of the repurchase agreements through Wells Fargo Bank was \$4,241,433. The investment in repurchase agreements is uninsured and unregistered. The investment is fully collateralized with securities held by the safekeeping bank in the bank's name with a market value of \$4,241,433.

Custodial Credit Risk — Deposits — This is the risk that in the event of a bank failure, the County's deposits may not be available. As of September 30, 2005, substantially all of the County's bank balance of deposits was exposed to custodial credit risk. The County has \$3,500,000 in certificates of deposit carried at cost. Five \$100,000 certificates of deposit are at separate banks covered by FDIC insurance and one \$3,000,000 certificate of deposit fully collateralized. The County has invested in a US Government Agency Security in the amount of \$2,999,614 which is AAA rated and in the direct name of the County. The repurchase agreements are direct obligations of or guaranteed by the United States, its agencies, or instrumentalities. They have a current market value equal to or greater than the principal amount of the transaction. The County's investment policy requires working with primary or regional dealers for the purchase of its authorized securities. Investments are made with banks designated by the State Treasurer as a state depository.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 4 — DEPOSITS AND INVESTMENTS (continued):

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Under 30 Days</u>	<u>31-180 Days</u>	<u>181-365 Days</u>	<u>1 to 4 Years</u>	<u>Market Value</u>	<u>Cost</u>
Wells Fargo Repurchase Agreement	N/A	\$ 4,241,433	\$ -	\$ -	\$ -	\$ 4,241,433	\$ 4,241,433
State of Idaho Local Government Investment Pool	N/A	8,446,517	-	-	-	8,446,517	8,446,517
Total investments		\$12,687,950	\$ -	\$ -	\$ -	\$12,687,950	\$12,687,950

NOTE 5 — DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units include \$323,498 due from the federal government in connection with grants and law enforcement services; \$137,479 due from the state of Idaho in connection with grants, law enforcement services, registration fees, and refunds; and \$700 due from cities.

NOTE 6 — CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2005, was as follows:

	<u>Beginning Balance (as restated Note 17)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Infrastructure	\$ 447,572,235	\$ 3,239,589	\$ -	\$ 450,811,824
Buildings	490,329	230,621	-	720,950
Machinery and equipment	12,264,718	2,147,467	(1,084,274)	13,327,911
Less accumulated depreciation	(200,549,960)	(23,687,030)	545,528	(223,691,462)
Governmental activities capital assets, net	\$ 259,777,322	\$(18,069,353)	\$ (538,746)	\$ 241,169,223

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 6 — CAPITAL ASSETS (continued):

Governmental Activities (continued)

Depreciation expense was charged to functions as follows:

General governmental services	\$ 122,873
Highways and streets	23,221,015
Welfare	1,419
Culture and recreation	27,689
Public safety	<u>314,034</u>

Total governmental activities depreciation expense \$ 23,687,030

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 177,590	\$ -	\$ -	\$ 177,590
Total capital assets, not being depreciated	<u>177,590</u>	<u>-</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>1,058,424</u>	<u>-</u>	<u>-</u>	<u>1,058,424</u>
Total capital assets, being depreciated	<u>2,479,189</u>	<u>-</u>	<u>-</u>	<u>2,479,189</u>
Less accumulated depreciation for:				
Buildings	186,104	21,687	-	207,791
Improvements other than buildings	115,458	26,739	-	142,197
Machinery and equipment	<u>786,893</u>	<u>86,005</u>	<u>-</u>	<u>872,898</u>
Total accumulated depreciation	<u>1,088,455</u>	<u>134,431</u>	<u>-</u>	<u>1,222,886</u>
Total capital assets, being depreciated, net	<u>1,390,734</u>	<u>(134,431)</u>	<u>-</u>	<u>1,256,303</u>
Business-type activities capital assets, net	<u>\$ 1,568,324</u>	<u>\$ (134,431)</u>	<u>\$ -</u>	<u>\$ 1,433,893</u>

Depreciation expense was charged to functions as follows:

Solid Waste	<u>\$ 134,431</u>
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Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 7 — LEASES:

Operating Leases

On April 27, 2004, 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, 2005, were \$52,341. The lease expires August 30, 2006.

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, 2005, were \$18,900. As extended, the lease expires September 30, 2006.

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, 2005, were \$14,424. 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, 2005, were \$20,736. The lease expires January 31, 2007.

On June 1, 2005, 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, 2005, were \$14,335. The lease expires June 15, 2006.

On August 31, 2005, 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, 2005, were \$800. The lease expires February 28, 2006.

Future minimum annual lease payments at September 30, 2005, are:

<u>Years Ending</u> <u>September 30,</u>	<u>Amount</u>
2006	\$ 138,119
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 \$3,621,828. The leases are collateralized by the assets.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 7 — LEASES (continued):

Capital Leases (continued)

Future minimum annual lease payments at September 30, 2005, are:

Years Ending September 30,	Road and Bridge	Grants	Total
2006	\$ 389,853	\$ 7,466	\$ 397,319
2007	313,286	-	313,286
2008	175,704	-	175,704
2009	140,904	-	140,904
2010	699,600	-	699,600
Total minimum lease payments	1,719,347	7,466	1,726,813
Less amount representing interest	235,994	493	236,487
Capital lease obligations	\$ 1,483,353	\$ 6,973	\$ 1,490,326

NOTE 8 — LONG-TERM DEBT:

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2005, was as follows:

	Balance, October 1, 2004	Additions	Reductions	Balance, September 30, 2005	Due Within One Year
Governmental activities:					
Compensated absences	\$ 478,019	\$ -	\$ 27,019	\$ 451,000	\$ 379,429
Leases payable	1,214,873	1,240,380	964,927	1,490,326	397,319
Special assessment bonds	1,275,000	-	190,000	1,085,000	200,000
Governmental activities long-term liabilities	\$ 2,967,892	\$ 1,240,380	\$ 1,181,946	\$ 3,026,326	\$ 976,748
Business-type activities:					
Compensated absences	\$ 20,570	\$ 2,436	\$ -	\$ 23,005	\$ 15,804
Business-type activities long-term liabilities	\$ 20,570	\$ 2,436	\$ -	\$ 23,005	\$ 15,804

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 8 — LONG-TERM DEBT (continued):

Changes in Long-Term Liabilities (continued)

The annual debt service requirements to amortize the note payable to the bank for redemption of special assessment bonds as of September 30, 2005, are:

Years Ending September 30,	Special Assessment Bonds			
	93-1		96-1	
	Principal	Interest	Principal	Interest
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	-	-
2010	235,000	15,275	-	-
	<u>\$ 1,045,000</u>	<u>\$ 211,232</u>	<u>\$ 40,000</u>	<u>\$ 3,765</u>

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

NOTE 9 — RESTRICTED NET ASSET ACCOUNTS:

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>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 10 — FUND TRANSFERS:

Individual fund transfers in and out balances at September 30, 2005, were:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Governmental Services	\$ 55,957	\$ -
District Court	30,040	-
Health District	6,000	-
Justice	151,586	-
Waterways	73,619	-
Grants	-	295,802
Drug Court	-	21,400
	<u>\$ 317,202</u>	<u>\$ 317,202</u>

NOTE 11 — CONTINGENT LIABILITIES AND COMMITMENTS:

Grants

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

Lawsuits

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

Local Improvement District

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

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 11 — CONTINGENT LIABILITIES AND COMMITMENTS (continued):

Local Improvement District (continued)

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.

NOTE 12 — DEFERRED COMPENSATION PLAN:

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

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

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 Government 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).

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 14 — DEFINED BENEFIT PENSION PLAN:

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, and 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.

The contribution requirements of the County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2005, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.65% for police. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police members. Bonner County contributions required and paid were \$1,878,997 for the year ended September 30, 2005.

NOTE 15 — RISK MANAGEMENT:

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

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. The County pays an annual premium to ICRMP for insurance coverage.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Financial Statements

NOTE 15 — RISK MANAGEMENT (continued):

The ICRMP 2003-2004 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 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 the 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.

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 18 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, 2005, were below the limits of the insurance coverage.

NOTE 16 — CONDUIT DEBT OBLIGATIONS:

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, 2005, there were three series of Industrial Revenue Bonds outstanding. The aggregate principal of their original issue amounts total \$6,150,000.

Bonner County, Idaho
Sandpoint, Idaho

Notes to Financial Statements

NOTE 17 — RESTATEMENT OF NET ASSETS:

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 Statement No. 34, the County elected not to record the general fixed assets account group on the financial statements prior to September 30, 2004. 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, 2004, as previously reported,	
governmental activities	\$ 17,478,006
Infrastructure	446,911,632
Accumulated depreciation	<u>(194,629,562)</u>
Net assets, September 30, 2004, as restated – governmental activities	<u>\$ 269,760,076</u>

SUPPLEMENTAL INFORMATION

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Governmental Funds

September 30, 2005

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
Assets			
Cash and cash equivalents	\$5,404,970	\$1,110,080	\$6,515,050
Receivables, net of allowance for uncollectibles:			
Taxes	191,163	1,189	192,352
Interest	676	-	676
Accounts	89,293	-	89,293
Prepaid expenses	1,126	-	1,126
Due from other governments	414,600	-	414,600
Due from other funds	19,005	-	19,005
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$6,120,833</u>	<u>\$1,111,269</u>	<u>\$7,232,102</u>
Liabilities and Fund Balances			
LIABILITIES:			
Warrants payable	\$ 636,881	\$ -	\$ 636,881
Vouchers payable	341,442	-	341,442
Accrued payroll	42,658	-	42,658
Accrued retirement payable	10,408	-	10,408
Due to other funds	18,000	-	18,000
Deferred revenue	225,521	1,166	226,687
Compensated absences payable	65,967	-	65,967
Total liabilities	<u>1,340,877</u>	<u>1,166</u>	<u>1,342,043</u>
FUND BALANCES:			
Fund balances:			
Unreserved	4,779,956	1,110,103	5,890,059
Total fund balances	<u>4,779,956</u>	<u>1,110,103</u>	<u>5,890,059</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$6,120,833</u>	<u>\$1,111,269</u>	<u>\$7,232,102</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet — Nonmajor Special Revenue Funds

	Airport	Junior College	Revaluation	Historical Society	District Court	Special Highway	County Fair	911	Indigent and Charity
<i>Assets</i>									
Cash and cash equivalents	\$ 207,603	\$ 586,305	\$ 681,849	\$ 10,614	\$ 967,149	\$ 404,666	\$ 103,223	\$ 388,481	\$ 290,039
Receivables, net of allowance for uncollectibles:									
Taxes	2,413	5,542	55,262	1,183	33,233	-	6,941	-	19,230
Accounts	12,352	-	229	-	27,182	-	-	46,459	875
Interest	-	-	-	-	-	-	-	616	-
Prepaid expenses	-	-	-	-	-	-	-	1,126	-
Due from other governments	302,583	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 524,951</u>	<u>\$ 591,847</u>	<u>\$ 737,340</u>	<u>\$ 11,797</u>	<u>\$ 1,027,564</u>	<u>\$ 404,666</u>	<u>\$ 110,164</u>	<u>\$ 436,682</u>	<u>\$ 310,144</u>
<i>Liabilities and Fund Balances</i>									
<i>LIABILITIES:</i>									
Warrants payable	\$ 137,579	\$ 122,824	\$ 43,234	\$ -	\$ 60,501	\$ 2,680	\$ 4,523	\$ 40,588	\$ 29,467
Vouchers payable	210,000	106,560	-	-	4,282	-	-	-	20,000
Accrued payroll	-	-	14,193	-	14,153	784	2,168	8,296	1,738
Accrued retirement payable	-	-	3,011	-	3,509	-	1,250	1,843	363
Due to other funds	-	-	-	-	-	-	-	18,000	-
Deferred revenue	49,514	5,197	51,465	1,118	30,964	-	6,495	-	17,956
Compensated absences payable	-	-	17,005	-	22,199	-	10,785	10,803	2,024
Total liabilities	<u>397,093</u>	<u>234,581</u>	<u>128,908</u>	<u>1,118</u>	<u>135,608</u>	<u>3,464</u>	<u>25,221</u>	<u>79,530</u>	<u>71,548</u>
<i>FUND BALANCES</i>	<u>127,858</u>	<u>357,266</u>	<u>608,432</u>	<u>10,679</u>	<u>891,956</u>	<u>401,202</u>	<u>84,943</u>	<u>357,152</u>	<u>238,596</u>
Total liabilities and fund balances	<u>\$ 524,951</u>	<u>\$ 591,847</u>	<u>\$ 737,340</u>	<u>\$ 11,797</u>	<u>\$ 1,027,564</u>	<u>\$ 404,666</u>	<u>\$ 110,164</u>	<u>\$ 436,682</u>	<u>\$ 310,144</u>

See accompanying independent auditors' report.

Weeds	Tort	Health District	Snowmobile- Priest Lake	Snowmobile- Sandpoint	Waterways	Parks and Recreation	Court Facilities	Court Interlock	Grants	Drug Court	Total
\$ 206,147	\$ 524,754	\$ 58,029	\$ 49,771	\$ 58,144	\$ 211,036	\$ 69,476	\$ 255,085	\$ 23,751	\$ 280,639	\$ 28,209	\$ 5,404,970
6,815	47,295	12,051	-	-	-	1,198	-	-	-	-	191,163
-	-	-	-	-	-	-	1,640	556	-	-	89,293
-	-	-	-	-	-	-	-	-	60	-	676
-	-	-	-	-	-	-	-	-	-	-	1,126
-	-	-	-	-	3,572	-	-	-	108,445	-	414,600
-	-	-	-	-	-	19,005	-	-	-	-	19,005
<u>\$ 212,962</u>	<u>\$ 572,049</u>	<u>\$ 70,080</u>	<u>\$ 49,771</u>	<u>\$ 58,144</u>	<u>\$ 214,608</u>	<u>\$ 89,679</u>	<u>\$ 256,725</u>	<u>\$ 24,307</u>	<u>\$ 389,144</u>	<u>\$ 28,209</u>	<u>\$ 6,120,833</u>
\$ 37,496	\$ 11,476	\$ -	\$ -	\$ 34	\$ 30,824	\$ 688	\$ -	\$ 1,585	\$ 112,269	\$ 1,113	\$ 636,881
-	-	-	-	-	-	-	-	600	-	-	341,442
787	-	-	-	-	-	-	-	-	539	-	42,658
296	-	-	-	-	-	-	-	-	136	-	10,408
-	-	-	-	-	-	-	-	-	-	-	18,000
6,374	44,055	11,251	-	-	-	1,132	-	-	-	-	225,521
2,279	-	-	-	-	-	-	-	-	872	-	65,967
<u>47,232</u>	<u>55,531</u>	<u>11,251</u>	<u>-</u>	<u>34</u>	<u>30,824</u>	<u>1,820</u>	<u>-</u>	<u>2,185</u>	<u>113,816</u>	<u>1,113</u>	<u>1,340,877</u>
<u>165,730</u>	<u>516,518</u>	<u>58,829</u>	<u>49,771</u>	<u>58,110</u>	<u>183,784</u>	<u>87,859</u>	<u>256,725</u>	<u>22,122</u>	<u>275,328</u>	<u>27,096</u>	<u>4,779,956</u>
<u>\$ 212,962</u>	<u>\$ 572,049</u>	<u>\$ 70,080</u>	<u>\$ 49,771</u>	<u>\$ 58,144</u>	<u>\$ 214,608</u>	<u>\$ 89,679</u>	<u>\$ 256,725</u>	<u>\$ 24,307</u>	<u>\$ 389,144</u>	<u>\$ 28,209</u>	<u>\$ 6,120,833</u>

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2005

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
REVENUES:			
Taxes	\$3,747,397	\$ -	\$3,747,397
Licenses and permits	130,517	-	130,517
Intergovernmental	2,725,569	-	2,725,569
Charges for services	290,227	-	290,227
Fines	253,280	-	253,280
Special assessments	-	122	122
Interest income	3,919	-	3,919
Miscellaneous	373,751	-	373,751
Total revenues	<u>7,524,660</u>	<u>122</u>	<u>7,524,782</u>
EXPENDITURES:			
Current:			
General government	3,014,840	-	3,014,840
Public safety	1,558,673	-	1,558,673
Highways and streets	451,575	-	451,575
Sanitation	120,800	-	120,800
Health	220,000	-	220,000
Welfare	341,432	-	341,432
Education	380,000	-	380,000
Culture and recreation	308,936	-	308,936
Capital outlay	581,322	-	581,322
Total expenditures	<u>6,977,578</u>	<u>-</u>	<u>6,977,578</u>
EXCESS OF REVENUES OVER EXPENDITURES	547,082	122	547,204
OTHER FINANCING USES:			
Operating transfers out	<u>(207,543)</u>	<u>-</u>	<u>(207,543)</u>
NET CHANGE IN FUND BALANCE	339,539	122	339,661
FUND BALANCES, BEGINNING OF YEAR	<u>4,440,417</u>	<u>1,109,981</u>	<u>5,550,398</u>
FUND BALANCES, END OF YEAR	<u>\$4,779,956</u>	<u>\$1,110,103</u>	<u>\$5,890,059</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -- Nonmajor Special Revenue Funds

	Airport	Junior College	Revaluation	Historical Society	District Court	Special Highway	County Fair	911	Indigent and Charity
REVENUES:									
Taxes	\$ 35,791	\$ 91,745	\$ 964,239	\$ 20,534	\$ 572,319	\$ -	\$ 117,461	\$ 453,306	\$ 342,539
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	334,668	364,686	82,000	6,000	305,453	458,000	-	-	-
Charges for services	15,863	-	-	-	-	-	-	240,000	-
Fines	-	-	-	-	253,280	-	-	-	-
Interest income	-	-	-	-	-	-	-	3,896	-
Miscellaneous	34,814	-	8,511	-	137,578	-	-	49,641	106,450
Total revenues	<u>421,136</u>	<u>456,431</u>	<u>1,054,750</u>	<u>26,534</u>	<u>1,268,630</u>	<u>458,000</u>	<u>117,461</u>	<u>746,843</u>	<u>448,989</u>
EXPENDITURES:									
Current:									
General government	55,202	-	925,409	-	1,076,205	-	-	-	-
Public safety	-	-	-	-	-	-	-	627,606	-
Highways and streets	-	-	-	-	-	451,575	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Welfare	-	-	-	-	-	-	-	-	341,432
Education	-	380,000	-	-	-	-	-	-	-
Culture and recreation	-	-	-	25,000	-	-	124,057	-	-
Capital outlay	444,178	-	53,455	-	1,936	-	-	33,032	599
Total expenditures	<u>499,380</u>	<u>380,000</u>	<u>978,864</u>	<u>25,000</u>	<u>1,078,141</u>	<u>451,575</u>	<u>124,057</u>	<u>660,638</u>	<u>342,031</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(78,244)	76,431	75,886	1,534	190,489	6,425	(6,596)	86,205	106,958
OTHER FINANCING SOURCES (USES):									
Operating transfers in (out)	-	-	-	-	30,040	-	-	-	-
NET CHANGE IN FUND BALANCE	(78,244)	76,431	75,886	1,534	220,529	6,425	(6,596)	86,205	106,958
FUND BALANCES, BEGINNING OF YEAR	<u>206,102</u>	<u>280,835</u>	<u>532,546</u>	<u>9,145</u>	<u>671,427</u>	<u>394,777</u>	<u>91,539</u>	<u>270,947</u>	<u>131,638</u>
FUND BALANCES, END OF YEAR	<u>\$ 127,858</u>	<u>\$ 357,266</u>	<u>\$ 608,432</u>	<u>\$ 10,679</u>	<u>\$ 891,956</u>	<u>\$ 401,202</u>	<u>\$ 84,943</u>	<u>\$ 357,152</u>	<u>\$ 238,596</u>

See accompanying independent auditors' report.

Year Ended September 30, 2005

Weeds	Tort	Health District	Snowmobile- Priest Lake	Snowmobile- Sandpoint	Waterways	Parks and Recreation	Court Facilities	Court Interlock	Grants	Drug Court	Total
\$ 116,397	\$ 792,120	\$ 212,736	\$ -	\$ -	\$ -	\$ 20,314	\$ -	\$ -	\$ -	\$ 7,896	\$ 3,747,397
-	-	-	34,916	14,200	81,401	-	-	-	-	-	130,517
-	40,000	-	-	-	-	-	-	-	1,134,762	-	2,725,569
-	-	9,925	-	-	-	-	16,620	7,819	-	-	290,227
-	-	-	-	-	-	-	-	-	-	-	253,280
-	-	-	-	-	-	-	-	-	23	-	3,919
16,857	-	-	10,000	3,000	1,736	5,164	-	-	-	-	373,751
<u>133,254</u>	<u>832,120</u>	<u>222,661</u>	<u>44,916</u>	<u>17,200</u>	<u>83,137</u>	<u>25,478</u>	<u>16,620</u>	<u>7,819</u>	<u>1,134,785</u>	<u>7,896</u>	<u>7,524,660</u>
-	805,019	-	-	-	-	-	-	-	142,954	10,051	3,014,840
-	-	-	-	-	-	-	-	6,275	924,792	-	1,558,673
-	-	-	-	-	-	-	-	-	-	-	451,575
120,800	-	-	-	-	-	-	-	-	-	-	120,800
-	-	220,000	-	-	-	-	-	-	-	-	220,000
-	-	-	-	-	-	-	-	-	-	-	341,432
-	-	-	-	-	-	-	-	-	-	-	380,000
-	-	-	42,167	5,719	81,349	16,229	-	-	14,415	-	308,936
2,789	-	-	-	-	12,532	-	-	-	32,801	-	581,322
<u>123,589</u>	<u>805,019</u>	<u>220,000</u>	<u>42,167</u>	<u>5,719</u>	<u>93,881</u>	<u>16,229</u>	<u>-</u>	<u>6,275</u>	<u>1,114,962</u>	<u>10,051</u>	<u>6,977,578</u>
-	-	-	-	-	-	-	-	-	-	-	-
9,665	27,101	2,661	2,749	11,481	(10,744)	9,249	16,620	1,544	19,823	(2,155)	547,082
-	-	6,000	-	-	73,619	-	-	-	(295,802)	(21,400)	(207,543)
9,665	27,101	8,661	2,749	11,481	62,875	9,249	16,620	1,544	(275,979)	(23,555)	339,539
156,065	489,417	50,168	47,022	46,629	120,909	78,610	240,105	20,578	551,307	50,651	4,440,417
<u>\$ 165,730</u>	<u>\$ 516,518</u>	<u>\$ 58,829</u>	<u>\$ 49,771</u>	<u>\$ 58,110</u>	<u>\$ 183,784</u>	<u>\$ 87,859</u>	<u>\$ 256,725</u>	<u>\$ 22,122</u>	<u>\$ 275,328</u>	<u>\$ 27,096</u>	<u>\$ 4,779,956</u>

Bonner County, Idaho

Sandpoint, Idaho

Statement of Revenues - Budget and Actual - General Fund

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Taxes:				
Current	\$1,450,208	\$1,450,208	\$1,467,028	\$ 16,820
Penalties and interest	6,200	6,200	18,027	11,827
REA tax	11,195	11,195	9,485	(1,710)
Total taxes	<u>1,467,603</u>	<u>1,467,603</u>	<u>1,494,540</u>	<u>26,937</u>
Licenses and permits:				
Motor vehicle licenses	267,300	267,300	303,961	36,661
Trailer house licenses	2,800	2,800	3,350	550
Recreation vehicle licenses	5,200	5,200	5,886	686
Boat licenses	6,800	6,800	7,987	1,187
Liquor licenses	-	-	510	510
Pawnbroker licenses	60	60	63	3
Auctioneer licenses	20	20	-	(20)
Conditional use permit	8,000	8,000	11,249	3,249
Building licenses and permits	160,350	160,350	182,350	22,000
Total licenses and permits	<u>450,530</u>	<u>450,530</u>	<u>515,356</u>	<u>64,826</u>
Intergovernmental:				
Inventory phase-out	320,000	320,000	358,139	38,139
Category 58 replacement revenue	24,197	24,197	24,197	-
Revenue sharing	40,000	40,000	43,842	3,842
Inheritance tax	-	-	72,350	72,350
Extension office	4,500	4,500	4,500	-
Total intergovernmental	<u>388,697</u>	<u>388,697</u>	<u>503,028</u>	<u>114,331</u>
Charges for services:				
Vehicle inspection fees	11,000	11,000	13,845	2,845
Recorder's fees	238,000	238,000	290,605	52,605
Planning fees	107,090	107,090	208,242	101,152
Treasurer fees	42,000	42,000	31,381	(10,619)
Assessor's fees	11,000	11,000	12,294	1,294
Title company billings and access fees	26,200	26,200	12,996	(13,204)
Total charges for services	<u>435,290</u>	<u>435,290</u>	<u>569,363</u>	<u>134,073</u>
Miscellaneous:				
Sale of County property	500,000	500,000	465,250	(34,750)
Elections	-	-	1,901	1,901
Refunds and reimbursements	18,115	18,115	30,832	12,717
Miscellaneous	8,300	8,300	19,961	11,661
Postage	1,300	1,300	1,215	(85)
Copies	13,700	13,700	15,282	1,582
Total miscellaneous	<u>541,415</u>	<u>541,415</u>	<u>534,441</u>	<u>(6,974)</u>
Interest:				
Interest income	<u>226,000</u>	<u>226,000</u>	<u>459,907</u>	<u>233,907</u>
Total general fund revenues	<u>\$3,509,535</u>	<u>\$3,509,535</u>	<u>\$4,076,635</u>	<u>\$ 567,100</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Expenditures - Budget and Actual - General Fund

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Clerk - Auditor:				
General government:				
Salaries	\$ 233,374	\$ 225,374	\$ 216,547	\$ 8,827
Other services and charges	64,780	64,780	64,766	14
Capital outlay	20,000	28,000	28,000	-
Total clerk - auditor	<u>318,154</u>	<u>318,154</u>	<u>309,313</u>	<u>8,841</u>
Treasurer:				
General government:				
Salaries	163,471	163,471	156,619	6,852
Other services and charges	50,020	50,020	23,444	26,576
Capital outlay	200	200	1,695	(1,495)
Total treasurer	<u>213,691</u>	<u>213,691</u>	<u>181,758</u>	<u>31,933</u>
Emergency management:				
Public safety:				
Salaries	67,663	99,523	97,653	1,870
Other services and charges	18,000	18,000	17,921	79
Total emergency management	<u>85,663</u>	<u>117,523</u>	<u>115,574</u>	<u>1,949</u>
Commissioners:				
General government:				
Salaries	204,282	204,282	201,611	2,671
Other services and charges	10,100	10,100	11,631	(1,531)
Capital outlay	5,600	5,600	3,099	2,501
Total commissioners	<u>219,982</u>	<u>219,982</u>	<u>216,341</u>	<u>3,641</u>
Coroner:				
Public safety:				
Salaries	15,739	16,526	15,534	992
Other services and charges	56,400	59,113	58,362	751
Total coroner	<u>72,139</u>	<u>75,639</u>	<u>73,896</u>	<u>1,743</u>
Buildings and grounds:				
General government:				
Salaries	108,779	108,779	101,169	7,610
Other services and charges	72,956	72,956	62,778	10,178
Total buildings and grounds	<u>181,735</u>	<u>181,735</u>	<u>163,947</u>	<u>17,788</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
General:				
General government:				
Salaries	\$ 41,608	\$ 41,608	\$ 35,604	\$ 6,004
Benefits	625,722	636,792	527,244	109,548
Other services and charges	1,198,814	1,198,814	693,842	504,972
Total general	<u>1,866,144</u>	<u>1,877,214</u>	<u>1,256,690</u>	<u>620,524</u>
Extension office:				
General government:				
Salaries	71,363	71,363	69,864	1,499
Other services and charges	27,995	27,995	27,810	185
Total extension office	<u>99,358</u>	<u>99,358</u>	<u>97,674</u>	<u>1,684</u>
Data processing:				
General government:				
Salaries	39,785	39,785	37,763	2,022
Other services and charges	71,300	71,300	70,634	666
Total data processing	<u>111,085</u>	<u>111,085</u>	<u>108,397</u>	<u>2,688</u>
Assessor - motor vehicles:				
General government:				
Salaries	209,871	209,871	190,918	18,953
Other services and charges	17,135	17,135	15,463	1,672
Capital outlay	10,850	10,850	9,829	1,021
Total assessor - motor vehicles	<u>237,856</u>	<u>237,856</u>	<u>216,210</u>	<u>21,646</u>
Planning:				
General government:				
Salaries	300,193	275,193	268,894	6,299
Other services and charges	82,775	111,375	59,504	51,871
Capital outlay	4,800	4,800	6,394	(1,594)
Total planning	<u>387,768</u>	<u>391,368</u>	<u>334,792</u>	<u>56,576</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Information services:				
General government:				
Other services and charges	\$ 126,300	\$ 126,300	\$ 129,683	\$ (3,383)
Capital outlay	3,700	3,700	-	3,700
Total information services	<u>130,000</u>	<u>130,000</u>	<u>129,683</u>	<u>317</u>
Personnel:				
General government:				
Salaries	37,484	36,984	36,542	442
Other services and charges	13,700	14,200	14,337	(137)
Capital outlay	3,500	3,500	3,356	144
Total personnel	<u>54,684</u>	<u>54,684</u>	<u>54,235</u>	<u>449</u>
Geographic information systems:				
General government:				
Salaries	35,376	35,376	33,487	1,889
Other services and charges	37,300	37,300	27,275	10,025
Capital outlay	2,000	2,000	11,890	(9,890)
Total geographic information systems	<u>74,676</u>	<u>74,676</u>	<u>72,652</u>	<u>2,024</u>
Contingency:				
General government:				
Other services and charges	<u>177,740</u>	<u>177,740</u>	<u>-</u>	<u>177,740</u>
Total general fund:				
General government	4,022,223	4,028,893	3,077,429	951,464
Public safety	157,802	193,162	189,470	3,692
Capital outlay	<u>50,650</u>	<u>58,650</u>	<u>64,263</u>	<u>(5,613)</u>
Total general fund	<u>\$4,230,675</u>	<u>\$4,280,705</u>	<u>\$3,331,162</u>	<u>\$ 949,543</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Revenues - Budget and Actual - Justice Fund

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Justice:				
Taxes:				
Current	\$6,449,494	\$6,449,494	\$6,405,856	\$ (43,638)
Penalties and interest	49,000	49,000	165,149	116,149
REA tax	44,007	44,007	42,208	(1,799)
Total taxes	<u>6,542,501</u>	<u>6,542,501</u>	<u>6,613,213</u>	<u>70,712</u>
Licenses and permits:				
Drivers licenses	70,000	70,000	79,504	9,504
Boat licenses	116,000	116,000	107,642	(8,358)
Beer and liquor licenses	21,000	21,000	21,752	752
Concealed weapon permits	2,000	2,000	3,570	1,570
Total licenses and permits	<u>209,000</u>	<u>209,000</u>	<u>212,468</u>	<u>3,468</u>
Intergovernmental:				
State revenue sharing	900,000	900,000	986,446	86,446
Payment in lieu of taxes	82,000	82,000	138,377	56,377
Priest River services	245,000	245,000	252,702	7,702
Clark Fork services	3,600	3,600	3,300	(300)
Dover services	1,200	1,200	1,500	300
Kootenai	1,200	1,200	1,200	-
Oldtown services	3,600	3,600	3,600	-
U.S. Forest Service	4,000	4,000	856	(3,144)
Army Corps of Engineers	75,000	75,000	68,127	(6,873)
Law enforcement contracts	16,000	16,000	-	(16,000)
Vast donations	-	-	9,463	9,463
FILT-I F&G	6,500	6,500	6,931	431
Total intergovernmental	<u>1,338,100</u>	<u>1,338,100</u>	<u>1,472,502</u>	<u>134,402</u>
Charges for services:				
Prisoner board	175,000	175,000	461,129	286,129
Public defender costs	12,000	12,000	21,511	9,511
ITD reinstatement	30,000	30,000	31,680	1,680
Processing and servicing fees	22,000	22,000	34,926	12,926
Fingerprinting and bonding fees	15,500	15,500	15,270	(230)
Work release and inmate labor	65,000	65,000	67,502	2,502
Court surcharge	40,000	40,000	49,738	9,738
Other	44,126	44,126	62,908	18,782
Total charges for services	<u>403,626</u>	<u>403,626</u>	<u>744,664</u>	<u>341,038</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u>	<u>Final</u>		
Justice (continued):				
Miscellaneous:				
Reimbursements	\$ 13,800	\$ 13,800	\$ 37,051	\$ 23,251
Pay phone commissions	1,000	1,000	65,773	64,773
Miscellaneous	30,000	30,000	1,765	(28,235)
Kitchen fund	1,300	1,300	2,150	850
Prisoner reimbursements	4,300	4,300	17,036	12,736
Total miscellaneous	<u>50,400</u>	<u>50,400</u>	<u>123,775</u>	<u>73,375</u>
Total justice	<u>8,543,627</u>	<u>8,543,627</u>	<u>9,166,622</u>	<u>622,995</u>
Total all justice funds:				
Taxes	6,542,501	6,542,501	6,613,213	70,712
Licenses and permits	209,000	209,000	212,468	3,468
Intergovernmental	1,338,100	1,338,100	1,472,502	134,402
Charges for services	403,626	403,626	744,664	341,038
Miscellaneous	<u>50,400</u>	<u>50,400</u>	<u>123,775</u>	<u>73,375</u>
Total justice fund	<u>\$8,543,627</u>	<u>\$8,543,627</u>	<u>\$9,166,622</u>	<u>\$ 622,995</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Expenditures - Budget and Actual - Justice Fund

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Justice:				
Public safety:				
Clerk:				
Salaries	\$ 519,009	\$ 519,009	\$ 517,347	\$ 1,662
Sheriff:				
Salaries	2,001,654	1,985,724	1,913,553	72,171
Other services and charges	379,363	390,273	380,094	10,179
Debt service:				
Principal	32,761	32,761	26,848	5,913
Interest	1,207	1,207	989	218
Capital outlay	9,900	9,900	25,635	(15,735)
Total sheriff	<u>2,424,885</u>	<u>2,419,865</u>	<u>2,347,119</u>	<u>72,746</u>
Prosecuting attorney:				
Salaries	562,565	562,565	556,925	5,640
Other services and charges	54,312	137,775	59,497	78,278
Capital outlay	3,233	3,233	5,741	(2,508)
Total prosecuting attorney	<u>620,110</u>	<u>703,573</u>	<u>622,163</u>	<u>81,410</u>
Public defender:				
Salaries	224,446	223,946	220,836	3,110
Other services and charges	111,377	131,898	127,905	3,993
Capital outlay	-	-	3,855	(3,855)
Total public defender	<u>335,823</u>	<u>355,844</u>	<u>352,596</u>	<u>3,248</u>
Juvenile detention:				
Salaries	310,163	330,503	328,231	2,272
Other services and charges	123,555	123,555	116,693	6,862
Capital outlay	1,240	1,240	1,170	70
Total juvenile detention	<u>434,958</u>	<u>455,298</u>	<u>446,094</u>	<u>9,204</u>
General:				
Benefits	1,895,809	1,895,355	1,714,123	181,232
Other services and charges	372,705	382,705	330,974	51,731
Capital outlay	205,000	363,000	399,579	(36,579)
Total general	<u>2,473,514</u>	<u>2,641,060</u>	<u>2,444,676</u>	<u>196,384</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Justice (continued):				
Public safety (continued):				
Jail:				
Salaries	\$1,307,522	\$1,307,522	\$1,270,554	\$ 36,968
Other services and charges	446,380	596,380	571,087	25,293
Capital outlay	16,200	68,919	64,756	4,163
Total jail	<u>1,770,102</u>	<u>1,972,821</u>	<u>1,906,397</u>	<u>66,424</u>
Marine patrol:				
Salaries	101,236	101,236	93,852	7,384
Other services and charges	14,764	14,764	4,279	10,485
Capital outlay	-	-	9,837	(9,837)
Total marine patrol	<u>116,000</u>	<u>116,000</u>	<u>107,968</u>	<u>8,032</u>
Building and grounds:				
Other services and charges	20,000	20,000	19,436	564
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>1,658</u>	<u>342</u>
Total building and grounds	<u>22,000</u>	<u>22,000</u>	<u>21,094</u>	<u>906</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	8,658,860	8,937,210	8,225,386	711,824
Debt service:				
Principal	32,761	32,761	26,848	5,913
Interest	1,207	1,207	989	218
Total capital outlay	<u>237,573</u>	<u>448,292</u>	<u>512,231</u>	<u>(63,939)</u>
Total justice	<u>\$8,930,401</u>	<u>\$9,419,470</u>	<u>\$8,765,454</u>	<u>\$ 654,016</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, 2005

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Revenues				
Taxes:				
Current	\$3,089,351	\$3,089,351	\$3,261,548	\$ 172,197
Penalties and interest	21,000	21,000	43,156	22,156
REA tax	29,280	29,280	26,265	(3,015)
Total taxes	<u>3,139,631</u>	<u>3,139,631</u>	<u>3,330,969</u>	<u>191,338</u>
Intergovernmental:				
Highway user revenue	1,580,367	1,580,367	1,606,476	26,109
Sales tax base and excess	105,000	105,000	115,043	10,043
Category 58 replacement revenue	11,026	11,026	8,269	(2,757)
State cost sharing	-	-	2,756	2,756
Forest apportionment	764,243	764,243	806,347	42,104
Total intergovernmental	<u>2,460,636</u>	<u>2,460,636</u>	<u>2,538,891</u>	<u>78,255</u>
Miscellaneous:				
Miscellaneous	56,250	56,250	723,985	667,735
Refunds and reimbursements	-	-	21,153	21,153
Total miscellaneous	<u>56,250</u>	<u>56,250</u>	<u>745,138</u>	<u>688,888</u>
Total revenues	<u>5,656,517</u>	<u>5,656,517</u>	<u>6,614,998</u>	<u>958,481</u>
Expenditures				
Highways and streets:				
Salaries	1,492,462	1,476,532	1,281,147	195,385
Benefits	519,956	517,506	452,776	64,730
Other services and charges	2,808,433	2,808,433	2,364,793	443,640
Total current	<u>4,820,851</u>	<u>4,802,471</u>	<u>4,098,716</u>	<u>703,755</u>
Debt service:				
Principal	281,302	281,302	923,907	(642,605)
Interest	7,102	7,102	23,325	(16,223)
Total debt service	<u>288,404</u>	<u>288,404</u>	<u>947,232</u>	<u>(658,828)</u>
Capital outlay	<u>597,262</u>	<u>597,262</u>	<u>1,744,966</u>	<u>(1,147,704)</u>
Total expenditures	<u>5,706,517</u>	<u>5,688,137</u>	<u>6,790,914</u>	<u>(1,102,777)</u>
EXCESS OF EXPENDITURES OVER REVENUES	(50,000)	(31,620)	(175,916)	(144,296)
OTHER FINANCING SOURCES:				
Capital leases	-	-	1,198,185	1,198,185
NET CHANGE IN FUND BALANCE	<u>\$ (50,000)</u>	<u>\$ (31,620)</u>	<u>\$1,022,269</u>	<u>\$1,053,889</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, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Charges for services:			
Fees	\$1,913,500	\$1,957,260	\$ 43,760
Commercial disposal	1,118,225	1,056,835	(61,390)
Gate	61,698	219,068	157,370
Total charges for services	<u>3,093,423</u>	<u>3,233,163</u>	<u>139,740</u>
Penalties and interest	9,000	23,960	14,960
Miscellaneous	16,405	29,196	12,791
Total revenues	<u>3,118,828</u>	<u>3,286,319</u>	<u>167,491</u>
EXPENDITURES:			
Salaries	497,757	454,450	43,307
Benefits	237,595	211,429	26,166
Other services and charges	2,114,638	2,564,836	(450,198)
Capital outlay	530,000	8,725	521,275
Total expenses	<u>3,379,990</u>	<u>3,239,440</u>	<u>140,550</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u><u>\$ (261,162)</u></u>	<u><u>\$ 46,879</u></u>	<u><u>\$ 308,041</u></u>

See accompanying independent auditors' report.