



LE MASTER &
DANIELS PLLC

BONNER COUNTY, IDAHO
SANDPOINT, IDAHO

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

September 30, 2006

Bonner County, Idaho

Sandpoint, Idaho

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NETWORK

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho (the County) as of and for the year ended September 30, 2006, 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 opinion.

In our opinion, the basic 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, 2006, 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 the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the County has elected the four-year transition period for the recording of the infrastructure assets in place prior to September 30, 2002. This matter is further discussed in note 1, Organization and Summary of Significant Accounting Policies.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 4 through 11 is not a required part of the basic financial statements but is supplementary information required by 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 & Daniel PWC

Spokane, Washington
December 8, 2006, except for note 16,
as to which the date is March 6, 2007

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, 2006. 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.

Overview of the Financial Statements

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

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

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

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

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

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.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

Overview of the Financial Statements (continued)

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

This is the second audit report in which Bonner County has been able to provide a comparative analysis of the government-wide data presented in compliance with the requirements of GASB 34. 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.

Table 1 – summarizes the County's net assets for 2006 compared to 2005:

Bonner County's Net Assets							
	Governmental		Business-type				Percentage
	Activities		Activities		Total		Change
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other assets	\$ 37,012,848	\$ 33,716,793	\$ 3,480,036	\$ 3,508,463	\$ 40,492,884	\$ 37,225,256	8.7%
Capital assets	218,963,470	241,169,223	1,703,691	1,433,893	220,667,161	242,603,116	-9.0%
Total assets	<u>\$255,976,318</u>	<u>\$274,886,016</u>	<u>\$ 5,183,727</u>	<u>\$ 4,942,356</u>	<u>\$261,160,045</u>	<u>\$279,828,372</u>	-6.7%
Long-term liabilities outstanding	\$ 2,761,695	\$ 3,026,326	\$ 24,241	\$ 23,005	\$ 2,785,936	\$ 3,049,331	-8.6%
Other liabilities	20,129,574	18,780,339	578,608	508,591	20,708,182	19,288,930	7.4%
Total liabilities	<u>\$ 22,891,269</u>	<u>\$ 21,806,665</u>	<u>\$ 602,849</u>	<u>\$ 531,596</u>	<u>\$ 23,494,118</u>	<u>\$ 22,338,261</u>	5.2%
Net assets:							
Invested in capital assets, net of							
related debt	\$217,558,694	\$239,656,688	\$ 1,703,691	\$ 1,433,893	\$219,262,385	\$241,112,790	-9.1%
Restricted	400,532	519,224	664,977	664,977	1,065,509	1,184,201	-10.0%
Unrestricted	15,125,823	12,881,230	2,212,210	2,311,890	17,338,033	15,193,120	14.0%
Total net assets	<u>\$233,085,049</u>	<u>\$253,057,142</u>	<u>\$ 4,580,878</u>	<u>\$ 4,410,760</u>	<u>\$237,665,927</u>	<u>\$257,490,111</u>	-7.7%

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

Governmental-wide Financial Analysis (continued)

The implementation of GASB 34 has had a profound impact upon the County financial statements, increasing both the current assets and related current liabilities. 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 \$237,665,927 (\$233,085,049 in governmental activities and \$4,580,878 in business activities) as of September 30, 2006. 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 (\$17,338,033) 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.

Table 2 – shows the changes in net assets for 2006 and 2005:

	Bonner County's Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total		Percentage Change 2005-2006
	2006	2005	2006	2005	2006	2005	
Revenues:							
Program revenues:							
Charges for services	\$ 2,955,746	\$ 2,715,875	\$ 1,864,928	\$ 1,740,068	\$ 4,820,674	\$ 4,455,943	8.2%
Operating grants and contributions	1,718,370	738,910	-	-	1,718,370	738,901	132.6%
Capital grants and contributions	592,732	730,530	-	-	592,732	730,530	-18.9%
General revenues:							
Property taxes	17,986,199	14,955,338	-	-	17,986,199	14,955,338	20.3%
Other taxes	254,096	253,445	1,995,017	1,493,095	2,249,113	1,746,540	28.7%
Intergovernmental	5,745,801	5,770,559	-	-	5,745,801	5,770,559	-0.4%
Other	1,391,885	1,503,087	49,322	53,156	1,441,207	1,556,243	-7.4%
Gain on sale	-	199,254	-	-	-	199,254	-100.0%
Total revenues	30,644,829	26,866,989	3,909,267	3,286,319	34,554,096	30,153,308	14.5%
Expenses:							
General government	7,326,294	6,219,992	-	-	7,326,294	6,219,992	17.8%
Public safety	12,425,417	10,843,921	-	-	12,425,417	10,843,921	14.6%
Highways and streets	28,102,097	24,991,978	-	-	28,102,097	24,991,978	12.4%
Sanitation	142,303	120,800	-	-	142,303	120,800	17.8%
Health	225,530	220,000	-	-	225,530	220,000	2.5%
Welfare	395,316	342,851	-	-	395,316	342,851	15.3%
Education	194,918	380,000	-	-	194,918	380,000	-48.7%
Culture and recreation	1,669,445	336,625	-	-	1,669,445	336,625	395.9%
Interest on long-term debt	135,602	91,547	-	-	135,602	91,547	48.1%
Solid waste	-	-	3,739,149	3,365,146	3,739,149	3,365,146	11.1%
Total expenses	50,616,922	43,547,714	3,739,149	3,365,146	54,356,071	46,912,860	15.9%
Change in net assets	\$ (19,972,093)	\$ (16,680,725)	\$ 170,118	\$ (78,827)	\$ (19,801,975)	\$ (16,759,552)	18.3%

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$2,955,746 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 \$2,311,102 of total governmental revenues. The major recipients of intergovernmental program revenues were Road and Bridge, Justice, Airport, and Grants.

Property tax revenues account for \$17,986,199 of the \$30,644,829 total revenues for governmental activities.

Highways and Streets accounted for \$28,102,097 of the \$50,616,922 total expenses for governmental activities. The next largest program was Public Safety, accounting for \$12,425,417 of the 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 Governmental Activities
as of September 30, 2006 and 2005

	Total Cost of Services		Percentage change 2005-2006	Net Cost of Service		Percentage change 2005-2006
	2006	2005		2006	2005	
General government	\$ 7,326,294	\$ 6,219,992	17.8%	\$ 5,489,556	\$ 4,514,842	21.6%
Public safety	12,425,417	10,843,921	14.6%	10,344,743	8,709,053	18.8%
Highways and streets	28,102,097	24,991,978	12.4%	28,102,097	24,991,978	12.4%
Sanitation	142,303	120,800	17.8%	142,303	120,800	17.8%
Health	225,530	220,000	2.5%	215,605	210,075	2.6%
Welfare	395,316	342,851	15.3%	395,316	342,851	15.3%
Education	194,918	380,000	-48.7%	194,918	380,000	-48.7%
Culture and recreation	1,669,445	336,625	395.9%	329,934	1,262	26043.7%
Interest on long-term debt	135,602	91,547	48.1%	135,602	91,547	48.1%
Total	\$ 50,616,922	\$ 43,547,714	16.2%	\$ 45,350,074	\$ 39,362,408	15.2%

Charges for services and operating grants of \$5,266,848 are received and used to fund the general government expenses of the County. The remaining \$45,350,074 in general government expenses are funded by property taxes, sales taxes, and intergovernmental revenues.

Business-Type Activities

The net assets for business-type activities increased by \$170,118 during 2006 and the major revenue sources were charges for services of \$1,864,928.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

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 handle higher than expected inmate food and medical expenses. However, the Justice Fund also received the first of the loan repayments from the Ambulance District. 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.

Enterprise Fund: During FY 2004-2005 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 everyday operations, it was felt that no further fee increases should occur during the budget setting process for the 2006-2007 fiscal 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 and financial statements. These notes to the financial statements can be found at the end of the audit report.

Capital Assets and Long-Term Debt

Progress was again made this fiscal year in reducing our long-term liabilities which are comprised of compensated absences, special assessments and leases payable. As of September 30, 2006, our *Governmental Activities* show a decrease of \$264,631 over the previous fiscal year. Although our *Business-type Activities* show an increase, it is nominal at just \$1,236 over the previous year.

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

Budget Variations

Developing a budget is not an exact science. It is the best estimate available at the time of projection of the revenues you anticipate receiving and of the expenses you think you might incur during the next fiscal year. For the fiscal year ended September 30, 2006, there were no funds for which expenditures exceeded appropriations.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

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 have 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 30 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. The Commission has contracted for a space analysis and are currently exploring the feasibility of purchasing the Federal Building and relocating the administrative offices to that facility. It is a band aid to our real needs. Time is of the essence due to the pending lapse of office rental agreements for both the prosecutor and the public defender.
- 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 is continuing to work toward enhancing this program and to develop MOUs and contract with other providers to improve the services offered to our residents.
- 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 again placed on enhancing employee pay to better reflect market value for prevailing wages in the area.
- 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 accompany 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.
- The closing of the Selkirk Mountains had an adverse affect on our Priest Lake Snowmobile fund during the 2005-2006 fiscal year. People purchase stickers pertinent to the area in which they will be using their machines. That money is then disbursed to them through the County from the State. Selling less stickers because of the restriction will reduce the revenue this fund has to pay for its operations. Although the decision had been appealed and reversed, an additional challenge has again placed the restriction on access.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

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

County Operations:

- A major piece of legislation was passed last session that removed the M&O portion of the schools operations from the property tax rolls with those dollars now being paid by the State. The November 2006 tax bills were the first to reflect this significant change.
- Bonner County saw an extraordinarily high rate of tax appeals brought before the Commission due to inaccurate assessment practices in our Assessor's Office. The Board of Commissioners, in an effort to resolve the issue, rolled the market values for all properties back to the 2005 levels. This action was challenged by the State Tax Commission (STC). The STC eventually stepped into the Assessor's Office and oversaw the trending of the values done at their order. This resulted in over 500 people paying their taxes 'under protest', a legal term used to protect their rights should any challenges to the process be upheld.
- The County Ambulance Fund made its first loan repayment to the County Justice Fund in the amount of \$72,000.

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, 2006

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS:			
Cash and investments	\$ 17,162,982	\$ 2,515,924	\$ 19,678,906
Receivables, net of allowance for uncollectibles:			
Taxes	16,813,754	-	16,813,754
Fees	-	135,446	135,446
Interest	141,629	-	141,629
Accounts	319,145	163,689	482,834
Special assessments	889,470	-	889,470
Due from other governments	230,099	-	230,099
Receivable from other funds	1,284,541	-	1,284,541
Restricted assets:			
Cash	171,228	664,313	835,541
Cash on deposit with fiscal agent	-	664	664
Capital assets:			
Land	-	177,590	177,590
Other capital assets, net of depreciation	218,963,470	1,526,101	220,489,571
Total assets	<u>255,976,318</u>	<u>5,183,727</u>	<u>261,160,045</u>
LIABILITIES:			
Warrants payable	1,440,067	562,178	2,002,245
Vouchers payable	158,218	-	158,218
Accrued payroll	261,143	12,850	273,993
Accrued retirement payable	70,889	3,580	74,469
Accrued interest payable	21,886	-	21,886
Payable to funds	1,283,536	-	1,283,536
Deferred revenue	16,893,835	-	16,893,835
Long-term liabilities:			
Due within one year:			
Compensated absences	473,372	18,222	491,594
Special assessment bonds payable	210,000	-	210,000
Leases payable	342,794	-	342,794
Due in more than one year:			
Compensated absences	98,547	6,019	104,566
Special assessment bonds payable	575,000	-	575,000
Leases payable	1,061,982	-	1,061,982
Total liabilities	<u>22,891,269</u>	<u>602,849</u>	<u>23,494,118</u>
NET ASSETS:			
Invested in capital assets, net of related debt	217,558,694	1,703,691	219,262,385
Restricted for:			
Debt retirement	400,532	664	401,196
Capital improvements	-	664,313	664,313
Unrestricted	<u>15,125,823</u>	<u>2,212,210</u>	<u>17,338,033</u>
Total net assets	<u>\$ 233,085,049</u>	<u>\$ 4,580,878</u>	<u>\$ 237,665,927</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho Sandpoint, Idaho

Statement of Activities

Year Ended September 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Primary government:						
Governmental activities:						
General government	\$ 7,326,294	\$ 1,433,395	\$ 403,343	\$ (5,489,556)	\$ -	\$ (5,489,556)
Public safety	12,425,417	1,387,724	142,122	(10,344,743)	-	(10,344,743)
Highways and streets	28,102,097	-	-	(28,102,097)	-	(28,102,097)
Sanitation	142,303	-	-	(142,303)	-	(142,303)
Health	225,530	-	-	(215,605)	-	(215,605)
Welfare	395,316	9,925	-	(395,316)	-	(395,316)
Education	194,918	-	-	(194,918)	-	(194,918)
Culture and recreation	1,669,445	124,702	47,267	(329,934)	-	(329,934)
Interest on long-term debt	135,602	-	-	(135,602)	-	(135,602)
Total governmental activities	50,616,922	2,955,746	592,732	(45,350,074)	-	(45,350,074)
Business-type activities:						
Solid waste	3,739,149	1,864,928	-	-	(1,874,221)	(1,874,221)
Total business-type activities	3,739,149	1,864,928	-	-	(1,874,221)	(1,874,221)
Total primary government	\$ 54,356,071	\$ 4,820,674	\$ 592,732	(45,350,074)	(1,874,221)	(47,224,295)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				17,986,199	-	17,986,199
Special assessments				254,096	1,995,017	2,249,113
Intergovernmental revenues				5,745,801	-	5,745,801
Miscellaneous				395,878	49,322	445,200
Interest and investment earnings				996,007	-	996,007
Gain on sale of assets				-	-	-
Total general revenues and special items				25,377,981	2,044,339	27,422,320
Change in net assets				(19,972,093)	170,118	(19,801,975)
Net assets, beginning, as restated				253,057,142	4,410,760	257,467,902
Net assets, ending				\$ 233,085,049	\$ 4,580,878	\$ 237,665,927

See accompanying notes to basic financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Combined Balance Sheet - Governmental Funds

September 30, 2006

	General	Justice	Road and Bridge	Ambulance District	Debt Service	Other Governmental	Total Governmental
Assets							
Cash and investments	\$ 2,402,405	\$ 3,682,172	\$ 3,224,918	\$ 752,239	\$ 226,942	\$ 6,874,306	\$ 17,162,982
Receivables, net of allowance for uncollectibles:							
Taxes	93,654	369,198	-	-	-	175,604	638,456
Interest	136,899	-	-	-	-	4,730	141,629
Accounts	104,462	35,302	15,426	39,304	-	124,651	319,145
Special assessments	-	-	186,841	-	702,629	-	889,470
Due from other governments	9,821	137,226	-	-	-	83,052	230,099
Due from other funds	-	1,265,536	-	-	-	19,005	1,284,541
Restricted assets:							
Cash	-	-	-	-	171,228	-	171,228
Total assets	\$ 2,747,241	\$ 5,489,434	\$ 3,427,185	\$ 791,543	\$ 1,100,799	\$ 7,281,348	\$ 20,837,550
Liabilities and Fund Balances							
LIABILITIES:							
Warrants payable	\$ 276,320	\$ 500,389	\$ 191,623	\$ 96,608	\$ -	\$ 375,127	\$ 1,440,067
Vouchers payable	-	224	-	2,819	-	155,175	158,218
Accrued payroll	37,627	117,782	29,761	28,961	-	47,012	261,143
Accrued retirement payable	9,096	35,320	10,172	4,961	-	11,340	70,889
Due to other funds	-	-	-	1,265,536	-	18,000	1,283,536
Deferred revenue	87,104	343,861	174,451	-	700,267	205,670	1,511,353
Compensated absences payable	56,630	248,166	75,635	22,440	-	70,501	473,372
Total liabilities	466,777	1,245,742	481,642	1,421,325	700,267	882,825	5,198,578
FUND BALANCES:							
Reserved for:							
Debt service	-	-	-	-	400,532	-	400,532
Unreserved, reported in:							
General fund	2,280,464	-	-	-	-	-	2,280,464
Special revenue fund	-	4,243,692	2,945,543	(629,782)	-	5,296,790	11,856,243
Capital projects fund	-	-	-	-	-	1,101,733	1,101,733
Total fund balances (deficit)	2,280,464	4,243,692	2,945,543	(629,782)	400,532	6,398,523	15,638,972
Total liabilities and fund balances	\$ 2,747,241	\$ 5,489,434	\$ 3,427,185	\$ 791,543	\$ 1,100,799	\$ 7,281,348	\$ 20,837,550

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

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

September 30, 2006

Total fund balances as shown on the Governmental Funds Balance Sheet		\$ 15,638,972
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, 2006.		218,963,470
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes		792,816
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	\$ (1,404,776)	
Special assessment bonds payable	(785,000)	
Compensated absences	(98,547)	
Accrued interest payable	(21,886)	
		<u>(2,310,209)</u>
Total net assets as shown on the statement of net assets		<u><u>\$ 233,085,049</u></u>

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2006

	General	Justice	Road and Bridge	Ambulance District	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes	\$ 1,890,164	\$ 7,193,531	\$ 3,334,804	\$ 1,917,290	\$ -	\$ 3,868,031	\$ 18,203,820
Licenses and permits	551,532	198,146	-	-	-	124,702	874,380
Intergovernmental	478,339	1,516,197	2,588,720	-	-	3,473,647	8,056,903
Charges for services	611,521	837,599	-	-	-	401,175	1,850,295
Fines	-	-	-	-	-	231,071	231,071
Special assessments	-	-	-	-	254,019	77	254,096
Interest income	980,920	-	-	-	-	15,087	996,007
Miscellaneous	55,727	85,821	96,038	1,325	-	293,847	532,758
Total revenues	<u>4,568,203</u>	<u>9,831,294</u>	<u>6,019,562</u>	<u>1,918,615</u>	<u>254,019</u>	<u>8,407,637</u>	<u>30,999,330</u>
EXPENDITURES:							
Current:							
General government	4,089,149	-	-	-	-	3,061,350	7,150,499
Public safety	197,165	8,721,314	-	1,727,365	-	1,386,806	12,032,650
Highways and streets	-	-	4,671,032	-	-	207,968	4,879,000
Sanitation	-	-	-	-	-	140,496	140,496
Health	-	-	-	-	-	225,530	225,530
Welfare	-	-	-	-	-	393,897	393,897
Education	-	-	-	-	-	194,918	194,918
Culture and recreation	-	-	-	-	-	1,641,367	1,641,367
Capital outlay	147,253	280,669	1,020,238	80,284	-	594,757	2,123,201
Debt service:							
Principal	-	22,864	191,891	-	300,000	-	514,755
Interest and fiscal charges	-	528	70,495	-	72,711	-	143,734
Total expenditures	<u>4,433,567</u>	<u>9,025,375</u>	<u>5,953,656</u>	<u>1,807,649</u>	<u>372,711</u>	<u>7,847,089</u>	<u>29,440,047</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>134,636</u>	<u>805,919</u>	<u>65,906</u>	<u>110,966</u>	<u>(118,692)</u>	<u>560,548</u>	<u>1,559,283</u>
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out)	12,371	43,396	-	-	-	(52,087)	3,680
Capital leases	23,328	24,831	233,138	-	-	-	281,297
Total other financing sources (uses)	<u>35,699</u>	<u>68,227</u>	<u>233,138</u>	<u>-</u>	<u>-</u>	<u>(52,087)</u>	<u>284,977</u>
NET CHANGE IN FUND BALANCES	170,335	874,146	299,044	110,966	(118,692)	508,461	1,844,260
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>2,110,129</u>	<u>3,369,546</u>	<u>2,646,499</u>	<u>(740,748)</u>	<u>519,224</u>	<u>5,890,062</u>	<u>13,794,712</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 2,280,464</u>	<u>\$ 4,243,692</u>	<u>\$ 2,945,543</u>	<u>\$ (629,782)</u>	<u>\$ 400,532</u>	<u>\$ 6,398,523</u>	<u>\$ 15,638,972</u>

See accompanying notes to basic 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, 2006**

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

Net change in fund balances - total governmental funds	\$ 1,844,260
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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 depreciation exceeded capital outlays in the current period.	(21,672,785)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(217,621)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-in, and donations) is to increase net assets	(136,880)
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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.	229,778
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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.	(18,845)
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Change in net assets, as reflected on the statement of activities	<u>\$ (19,972,093)</u>
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Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$1,865,272	\$1,865,272	\$1,890,164	\$ 24,892
Licenses and permits	742,450	742,450	551,532	(190,918)
Intergovernmental	478,197	478,197	478,339	142
Charges for services	880,100	880,100	611,521	(268,579)
Interest income	281,000	281,000	980,920	699,920
Miscellaneous	216,997	221,747	55,727	(166,020)
Total revenues	<u>4,464,016</u>	<u>4,468,766</u>	<u>4,568,203</u>	<u>99,437</u>
EXPENDITURES:				
Current:				
General government	4,752,164	4,805,223	4,089,149	716,074
Public safety	205,314	205,314	197,165	8,149
Capital outlay	116,265	124,265	147,253	(22,988)
Total expenditures	<u>5,073,743</u>	<u>5,134,802</u>	<u>4,433,567</u>	<u>701,235</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>(609,727)</u>	<u>(666,036)</u>	<u>134,636</u>	<u>800,672</u>
OTHER FINANCING SOURCES:				
Capital leases	-	-	23,328	23,328
Operating transfers in	-	-	12,371	12,371
	<u>-</u>	<u>-</u>	<u>35,699</u>	<u>35,699</u>
NET CHANGE IN FUND BALANCE	(609,727)	(666,036)	170,335	836,371
FUND BALANCES, BEGINNING OF YEAR	<u>632,642</u>	<u>688,951</u>	<u>2,110,129</u>	<u>1,421,178</u>
FUND BALANCES, END OF YEAR	<u>\$ 22,915</u>	<u>\$ 22,915</u>	<u>\$2,280,464</u>	<u>\$2,257,549</u>

See accompanying notes to basic 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, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$7,102,462	\$7,102,462	\$7,193,531	\$ 91,069
Licenses and permits	237,500	237,500	198,146	(39,354)
Intergovernmental	1,566,977	1,566,977	1,516,197	(50,780)
Charges for services	600,797	600,797	837,599	236,802
Miscellaneous	27,300	27,300	85,821	58,521
Total revenues	<u>9,535,036</u>	<u>9,535,036</u>	<u>9,831,294</u>	<u>296,258</u>
EXPENDITURES:				
Current:				
Public safety	9,468,688	9,477,900	8,721,314	756,586
Debt service:				
Principal	18,628	18,628	22,864	(4,236)
Interest	430	430	528	(98)
Capital outlay	82,290	193,290	280,669	(87,379)
Total expenditures	<u>9,570,036</u>	<u>9,690,248</u>	<u>9,025,375</u>	<u>664,873</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,000)</u>	<u>(155,212)</u>	<u>805,919</u>	<u>961,131</u>
OTHER FINANCING SOURCES:				
Capital leases	-	-	24,831	24,831
Operating transfers in	-	-	43,396	43,396
	<u>-</u>	<u>-</u>	<u>68,227</u>	<u>68,227</u>
NET CHANGE IN FUND BALANCE	<u>(35,000)</u>	<u>(155,212)</u>	<u>874,146</u>	<u>1,029,358</u>
FUND BALANCES, BEGINNING OF YEAR	<u>35,000</u>	<u>155,212</u>	<u>3,369,546</u>	<u>3,214,334</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,243,692</u>	<u>\$4,243,692</u>

See accompanying notes to basic 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, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$3,078,713	\$3,078,713	\$3,334,804	\$ 256,091
Intergovernmental	2,538,026	2,538,026	2,588,720	50,694
Miscellaneous	78,227	78,227	96,038	17,811
Total revenues	<u>5,694,966</u>	<u>5,694,966</u>	<u>6,019,562</u>	<u>324,596</u>
EXPENDITURES:				
Current:				
Highways and streets	4,951,165	4,951,165	4,671,032	280,133
Debt service:				
Principal	210,862	210,862	191,891	18,971
Interest	77,464	77,464	70,495	6,969
Capital outlay	<u>1,456,244</u>	<u>1,456,244</u>	<u>1,020,238</u>	<u>436,006</u>
Total expenditures	<u>6,695,735</u>	<u>6,695,735</u>	<u>5,953,656</u>	<u>742,079</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,000,769)	(1,000,769)	65,906	1,066,675
OTHER FINANCING SOURCES:				
Capital leases	<u>-</u>	<u>-</u>	<u>233,138</u>	<u>233,138</u>
NET CHANGE IN FUND BALANCE	(1,000,769)	(1,000,769)	299,044	1,299,813
FUND BALANCES, BEGINNING OF YEAR	<u>1,000,769</u>	<u>1,000,769</u>	<u>2,646,499</u>	<u>1,645,730</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,945,543</u>	<u>\$2,945,543</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

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

Budget and Actual - Ambulance District Fund Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Current	\$2,173,757	\$2,173,757	\$1,917,290	\$ (256,467)
Miscellaneous	-	-	1,325	1,325
Total revenues	<u>2,173,757</u>	<u>2,173,757</u>	<u>1,918,615</u>	<u>(255,142)</u>
EXPENDITURES:				
Current:				
Salaries	842,620	842,620	842,104	516
Benefits	380,079	380,079	262,498	117,581
Other services and charges	896,058	796,058	622,763	173,295
Total current expenditures	<u>2,118,757</u>	<u>2,018,757</u>	<u>1,727,365</u>	<u>291,392</u>
Capital outlay	55,000	55,000	80,284	(25,284)
Total expenditures	<u>2,173,757</u>	<u>2,073,757</u>	<u>1,807,649</u>	<u>266,108</u>
NET CHANGE IN FUND BALANCE	-	100,000	110,966	10,966
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	-	(100,000)	(740,748)	(640,748)
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (629,782)</u>	<u>\$ (629,782)</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Special assessments	\$227,820	\$227,820	\$254,019	\$ 26,199
Miscellaneous	17,014	17,014	-	(17,014)
Total revenues	<u>244,834</u>	<u>244,834</u>	<u>254,019</u>	<u>9,185</u>
EXPENDITURES:				
Debt service:				
Principal	300,000	300,000	300,000	-
Interest and fiscal charges	142,793	142,793	72,711	70,082
Other	63,514	63,514	-	63,514
Total expenditures	<u>506,307</u>	<u>506,307</u>	<u>372,711</u>	<u>133,596</u>
NET CHANGE IN FUND BALANCE	(261,473)	(261,473)	(118,692)	142,781
FUND BALANCES, BEGINNING OF YEAR	<u>261,473</u>	<u>261,473</u>	<u>519,224</u>	<u>257,751</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$400,532</u>	<u>\$400,532</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Net Assets - Proprietary Funds

September 30, 2006

Business-type
Activities
Enterprise
Funds
Solid Waste

Assets

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,515,924
Receivables, net of allowance for uncollectibles:	
Fees	135,446
Accounts	163,689
Total current assets	<u>2,815,059</u>

NONCURRENT ASSETS:

Restricted assets:	
Cash	\$ 664,313
Cash on deposit with fiscal agent	664
Fixed assets, net of depreciation	<u>1,703,691</u>
Total noncurrent assets	<u>2,368,668</u>
Total assets	<u>\$ 5,183,727</u>

Liabilities

CURRENT LIABILITIES:

Warrants payable	\$ 562,178
Accrued payroll	12,850
Accrued retirement payable	3,580
Compensated absences payable	18,222
Total current liabilities	<u>596,830</u>

NONCURRENT LIABILITIES:

Compensated absences payable	<u>6,019</u>
Total liabilities	602,849

Net Assets

Invested in capital assets, net of related debt	\$ 1,703,691
Reserved for:	
Debt retirement	664
Capital improvements	664,313
Unrestricted	<u>2,212,210</u>
Total liabilities and net assets	<u>4,580,878</u>
	<u>\$ 5,183,727</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2006

Business-type
Activities
Enterprise
Funds
Solid Waste

OPERATING REVENUES:

Charges for services \$3,859,945

OPERATING EXPENSES:

Salaries	\$ 533,644	
Benefits	247,731	
Other services and charges	2,825,990	
Depreciation	131,784	
Total operating expenses		<u>3,739,149</u>

OPERATING INCOME

120,796

NONOPERATING REVENUES:

Penalties and interest	22,392	
Miscellaneous	26,930	
Total nonoperating revenues		<u>49,322</u>

INCREASE IN NET ASSETS

170,118

NET ASSETS, BEGINNING OF YEAR

4,410,760

NET ASSETS, END OF YEAR

\$4,580,878

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Cash Flows - Proprietary Funds

Year Ended September 30, 2006

	Business-type Activities Enterprise Funds
	<u>Solid Waste</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>	
Cash received from customers	\$ 3,818,488
Cash payments to suppliers for goods and services	(2,756,672)
Cash payments to employees for services	(779,440)
Net cash provided by operating activities	<u>282,376</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</i>	
Miscellaneous receipts	49,322
<i>CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES:</i>	
Acquisition of fixed assets	<u>(401,582)</u>
<i>NET DECREASE IN CASH AND CASH EQUIVALENTS</i>	<u>(69,884)</u>
<i>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</i>	<u>3,250,785</u>
<i>CASH AND CASH EQUIVALENTS, END OF YEAR</i>	<u><u>\$ 3,180,901</u></u>
<i>CASH AND CASH EQUIVALENTS:</i>	
Cash	\$ 2,515,924
Restricted assets:	
Cash	664,313
Cash on deposit with fiscal agent	<u>664</u>
	<u><u>\$ 3,180,901</u></u>
<i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</i>	
Operating income	\$ 120,796
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 131,784
Changes in assets and liabilities:	
Decrease (increase) in receivables:	
Fees	2,775
Accounts	(44,232)
Increase in warrants payable	69,318
Increase in accrued payroll	529
Increase in retirement payable	170
Increase in compensated absences payable	<u>1,236</u>
Total adjustments	<u>161,580</u>
Net cash provided by operating activities	<u><u>\$ 282,376</u></u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Fiduciary Net Assets - Fiduciary Funds

September 30, 2006

	<u>Fiduciary Fund Types</u>		
	<u>Employee 457 Deferred Compensation Trust Fund</u>	<u>Agency Funds</u>	<u>Totals (Memorandum Only)</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 483,257	\$ 1,129,934	\$ 1,613,191
Receivable, net of allowance for uncollectibles:			
Taxes	-	1,442,163	1,442,163
Receivable from other funds	-	18,000	18,000
	<u>-</u>	<u>18,000</u>	<u>18,000</u>
Total assets	<u>\$ 483,257</u>	<u>\$ 2,590,097</u>	<u>\$ 3,073,354</u>
<i>Liabilities and Net Assets</i>			
<i>LIABILITIES:</i>			
Warrants payable	\$ -	\$ 194,473	\$ 194,473
Accounts payable	-	654,010	654,010
Due to other taxing districts	-	1,722,609	1,722,609
Payable to other funds	-	19,005	19,005
	<u>-</u>	<u>19,005</u>	<u>19,005</u>
Total liabilities	-	<u>\$ 2,590,097</u>	<u>\$ 2,590,097</u>
<i>NET ASSETS:</i>			
Investments held in trust for participants	<u>483,257</u>		
	<u>\$ 483,257</u>		

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Changes in Fiduciary Net Assets -
Fiduciary Funds

Year Ended September 30, 2006

	Employee 457 Deferred Compensation <u>Trust Fund</u>
<i>ADDITIONS:</i>	
Trust receipts	\$ 112,623
<i>DEDUCTIONS:</i>	
Trust turnovers	<u>111,736</u>
<i>CHANGE IN NET ASSETS</i>	887
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>482,370</u>
<i>NET ASSETS, END OF YEAR</i>	<u><u>\$ 483,257</u></u>

See accompanying notes to basic financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic 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 Basic 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 2006.

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 Basic 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. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the County has elected to apply all applicable FASB pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements. Proprietary funds include the following fund type:

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic 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 meet 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 Basic 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, 2006, 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 Basic 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, 2006.

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 statement of net assets 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 Basic 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 Basic 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, 2006, total compensated absences payable by the County is \$596,160. Of this amount, \$571,919 arises from governmental activity operations and \$24,241 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 Basic 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 Activities – The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds and net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds." The details of this \$792,816 difference are as follows:

Unavailable deferred revenue	<u>\$ 792,816</u>
Net adjustment to increase total governmental funds to arrive at net assets governmental funds	<u>\$ 792,816</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic 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 \$2,310,209 difference are as follows:

Accrued interest payable	\$ 21,886
Capital leases payable	1,404,776
Special assessment bonds payable	785,000
Compensated absences	<u>98,547</u>
Net adjustments to reduce – total governmental funds to arrive at net assets – governmental activities	<u>\$ 2,310,209</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 (\$21,672,785) difference are as follows:

Capital outlay	\$ 2,123,201
Depreciation expense	<u>(23,795,986)</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>\$(21,672,785)</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic 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 \$233,458 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$ (284,977)
Principal repayments:	
Capital lease	214,755
Special assessment debt	<u>300,000</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 229,778</u>

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 Basic 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, 2006.

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.

Deficit Fund Equity

At the year ended September 30, 2006, the Ambulance District fund had a deficit fund balance of \$629,782. 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 2006 was \$2,312,907 for fiscal year 2007 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 twelve-year period.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic 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 Auditor's 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 and June 2006 with Wells Fargo Bank and Panhandle State Bank, respectively, 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 of Credit Risk — The County's investment policy currently does not limit the balance of investments with a single issuer, however, one issuer holds more than 50% of the County's total portfolio at September 30, 2006. As of September 30, 2006, the following issuers hold more than 5% of the County's total portfolio: Wells Fargo Bank — 41% and U.S. Bank — 55%.

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, 2006, the market value of the repurchase agreements through Wells Fargo Bank and Panhandle State Bank were \$3,079,705 and \$593,738, respectively. The investments in repurchase agreements are uninsured and unregistered. The investments are fully collateralized with securities held by the safekeeping bank in the bank's name with market values of \$3,079,705 and \$593,738.

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, 2006, 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 Federal Deposit Insurance Corporation insurance and one \$3,000,000 certificate of deposit fully collateralized. The County has invested in Money Market Security in the amount of \$3,999,285 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 Basic 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	\$ 3,079,705	\$ -	\$ -	\$ -	\$ 3,079,705	\$ 3,079,705
Panhandle Repurchase Agreement	N/A	593,738	-	-	-	593,738	593,738
State of Idaho Local Government Investment Pool	N/A	<u>7,499,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,499,285</u>	<u>7,499,285</u>
Total investments		<u>\$11,172,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,172,728</u>	<u>\$11,172,728</u>

NOTE 5 — DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units include \$65,130 due from the federal government in connection with grants and law enforcement services; \$150,102 due from the state of Idaho in connection with grants, law enforcement services, registration fees, and refunds; \$10,111 due from cities; and \$4,755 due from the counties.

NOTE 6 — CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Infrastructure	\$ 450,811,824	\$ 323,770	\$ -	\$ 451,135,594
Buildings	720,950	19,435	-	740,385
Machinery and equipment	13,327,911	1,247,028	-	14,574,939
Less accumulated depreciation	<u>(223,691,462)</u>	<u>(23,795,986)</u>	<u>-</u>	<u>(247,487,448)</u>
Governmental activities capital assets, net	<u>\$ 241,169,223</u>	<u>\$(22,205,753)</u>	<u>\$ -</u>	<u>\$ 218,963,470</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 6 — CAPITAL ASSETS (continued):

Governmental Activities (continued)

Depreciation expense was charged to functions as follows:

General governmental services	\$ 148,818
Highways and streets	23,223,097
Welfare	1,419
Culture and recreation	28,078
Public safety	392,767
Sanitation	<u>1,807</u>

Total governmental activities depreciation expense \$ 23,795,986

	<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	243,337	-	796,623
Machinery and equipment	<u>1,058,424</u>	<u>158,245</u>	<u>-</u>	<u>1,216,669</u>
Total capital assets, being depreciated	<u>2,479,189</u>	<u>401,582</u>	<u>-</u>	<u>2,880,771</u>
Less accumulated depreciation for:				
Buildings	207,791	21,687	-	229,478
Improvements other than buildings	142,197	38,906	-	181,103
Machinery and equipment	<u>872,898</u>	<u>71,191</u>	<u>-</u>	<u>944,089</u>
Total accumulated depreciation	<u>1,222,886</u>	<u>131,784</u>	<u>-</u>	<u>1,354,670</u>
Total capital assets, being depreciated, net	<u>1,256,303</u>	<u>269,798</u>	<u>-</u>	<u>1,526,101</u>
Business-type activities capital assets, net	<u>\$ 1,433,893</u>	<u>\$ 269,798</u>	<u>\$ -</u>	<u>\$ 1,703,691</u>

Depreciation expense was charged to functions as follows:

Solid Waste	<u>\$ 131,784</u>
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Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 7 — LEASES:

Operating Leases

Public Defender – 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, 2006, were \$19,250. As extended, the lease expires September 30, 2007.

Indigent and Charity – 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, 2006, were \$14,424. As extended, the lease expires January 31, 2009.

Public Works – 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, 2006, were \$20,736. As extended, the lease expires January 31, 2009.

Ambulance District – 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, 2006, were \$40,702. The lease expires September 1, 2007.

Prosecutor's Office – On June 21, 2006, 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, 2006, were \$58,617. As extended, the lease expires September 30, 2009.

Future minimum annual lease payments at September 30, 2006, are:

<u>Years Ending</u> <u>September 30,</u>	<u>Amount</u>
2007	\$ 150,565
2008	14,901
2009	5,863

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 \$3,903,125. The leases are collateralized by the assets.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 7 — LEASES (continued):

Capital Leases (continued)

Future minimum annual lease payments at September 30, 2006, are:

<u>Years Ending September 30,</u>	<u>Road and Bridge</u>	<u>Grants</u>	<u>Total</u>
2007	\$ 342,794	\$ -	\$ 342,794
2008	208,021	-	208,021
2009	162,820	-	162,820
2010	717,954	-	717,954
2011	<u>145,000</u>	<u>-</u>	<u>145,000</u>
Total minimum lease payments	1,576,589	-	1,576,589
Less amount representing interest	<u>171,813</u>	<u>-</u>	<u>171,813</u>
Capital lease obligations	<u>\$ 1,404,776</u>	<u>\$ -</u>	<u>\$ 1,404,776</u>

NOTE 8 — LONG-TERM DEBT:

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2006, was as follows:

	<u>Balance, October 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, September 30, 2006</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 451,000	\$ 120,919	\$ -	\$ 571,919	\$ 473,372
Leases payable	1,490,326	281,297	366,847	1,404,776	342,794
Special assessment bonds	<u>1,085,000</u>	<u>-</u>	<u>300,000</u>	<u>785,000</u>	<u>210,000</u>
Governmental activities long-term liabilities	<u>\$ 3,026,326</u>	<u>\$ 402,216</u>	<u>\$ 666,847</u>	<u>\$ 2,761,695</u>	<u>\$ 1,026,168</u>
Business-type activities:					
Compensated absences	\$ 23,005	\$ 1,236	\$ -	\$ 24,241	\$ 18,222
Business-type activities long-term liabilities	<u>\$ 23,005</u>	<u>\$ 1,236</u>	<u>\$ -</u>	<u>\$ 24,241</u>	<u>\$ 18,222</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic 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, 2006, are:

Years Ending September 30,	Special Assessment Bonds			
	93-1		96-1	
	Principal	Interest	Principal	Interest
2007	\$ 195,000	\$ 55,705	\$ 15,000	\$ 1,260
2008	210,000	43,225	10,000	510
2009	220,000	29,575	-	-
2010	135,000	15,275	-	-
	<u>\$ 760,000</u>	<u>\$ 143,780</u>	<u>\$ 25,000</u>	<u>\$ 1,770</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 Basic Financial Statements

NOTE 10 — FUND TRANSFERS:

Individual fund transfers in and out balances at September 30, 2006, were:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Governmental Services	\$ -	\$ 12,371
District Court	-	21,024
Justice	-	43,396
Waterways	-	4,593
Grants	<u>81,384</u>	<u>-</u>
	<u>\$ 81,384</u>	<u>\$ 81,384</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 Basic 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.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 13 — 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, 2006, 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 \$762,256 for the year ended September 30, 2006.

NOTE 14 — RISK MANAGEMENT:

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

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

The County employs a risk manager, 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 Basic Financial Statements

NOTE 14 — RISK MANAGEMENT (continued):

The ICRMP 2005-2006 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 \$2,500 per incident with no annual limit.

On September 30, 2006, the County had 14 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, 2006, were below the limits of the insurance coverage.

NOTE 15 — 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, 2006, there were three series of Industrial Revenue Bonds outstanding. The aggregate principal of their original issue amounts total \$6,150,000.

NOTE 16 — SUBSEQUENT EVENT:

On March 6, 2007, the Board of Commissioners approved a resolution expressing the County's intent to enter into an agreement with Panhandle Area Council, Inc. (PAC) for the lease of a building (the "Federal Building") which would be used to consolidate County offices. The resolution is contingent upon PAC's successful acquisition of the Federal Building.

SUPPLEMENTAL INFORMATION

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Governmental Funds

September 30, 2006

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
Assets			
Cash and cash equivalents	\$5,771,384	\$1,102,922	\$6,874,306
Receivables, net of allowance for uncollectibles:			
Taxes	174,750	854	175,604
Interest	4,730	-	4,730
Accounts	124,651	-	124,651
Due from other governments	83,052	-	83,052
Due from other funds	19,005	-	19,005
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$6,177,572</u>	<u>\$1,103,776</u>	<u>\$7,281,348</u>
Liabilities and Fund Balances			
LIABILITIES:			
Warrants payable	\$ 373,920	\$ 1,207	\$ 375,127
Vouchers payable	155,175	-	155,175
Accrued payroll	47,012	-	47,012
Accrued retirement payable	11,340	-	11,340
Due to other funds	18,000	-	18,000
Deferred revenue	204,834	836	205,670
Compensated absences payable	70,501	-	70,501
Total liabilities	<u>880,782</u>	<u>2,043</u>	<u>882,825</u>
FUND BALANCES:			
Fund balances:			
Unreserved	5,296,790	1,101,733	6,398,523
Total fund balances	<u>5,296,790</u>	<u>1,101,733</u>	<u>6,398,523</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$6,177,572</u>	<u>\$1,103,776</u>	<u>\$7,281,348</u>

See accompanying independent auditors' report.



September 30, 2006

Weeds	Tort	Health District	Snowmobile- Priest Lake	Snowmobile- Sandpoint	Waterways	Parks and Recreation	Court Facilities	Court Interlock	Grants	Drug Court	Total
\$ 163,047	\$ 563,909	\$ 60,520	\$ 49,337	\$ 57,532	\$ 133,481	\$ 97,489	\$ 270,755	\$ 23,995	\$ 206,907	\$ 32,745	\$ 5,771,384
6,171	41,614	11,388	-	-	-	3,264	-	-	-	-	174,750
11,769	-	-	-	-	-	-	1,330	451	-	-	124,651
-	-	-	-	-	-	-	-	-	60	-	4,730
-	-	-	-	3,000	2,622	-	-	-	75,892	-	83,052
-	-	-	-	-	-	19,005	-	-	-	-	19,005
<u>\$ 180,987</u>	<u>\$ 605,523</u>	<u>\$ 71,908</u>	<u>\$ 49,337</u>	<u>\$ 60,532</u>	<u>\$ 136,103</u>	<u>\$ 119,758</u>	<u>\$ 272,085</u>	<u>\$ 24,446</u>	<u>\$ 282,859</u>	<u>\$ 32,745</u>	<u>\$ 6,177,572</u>
\$ 36,394	\$ -	\$ -	\$ -	\$ 33	\$ 30,383	\$ 5,467	\$ -	\$ -	\$ 91,738	\$ 537	\$ 373,920
-	-	-	-	-	-	-	-	700	-	-	155,175
1,036	-	-	-	-	-	1,313	-	-	1,098	-	47,012
280	-	-	-	-	-	383	-	-	193	-	11,340
-	-	-	-	-	-	-	-	-	-	-	18,000
5,770	38,778	10,637	-	-	-	3,067	-	-	-	-	204,834
1,880	-	-	-	-	-	2,660	-	-	900	-	70,501
<u>45,360</u>	<u>38,778</u>	<u>10,637</u>	<u>-</u>	<u>33</u>	<u>30,383</u>	<u>12,890</u>	<u>-</u>	<u>700</u>	<u>93,929</u>	<u>537</u>	<u>880,782</u>
<u>135,627</u>	<u>566,745</u>	<u>61,271</u>	<u>49,337</u>	<u>60,499</u>	<u>105,720</u>	<u>106,868</u>	<u>272,085</u>	<u>23,746</u>	<u>188,930</u>	<u>32,208</u>	<u>5,296,790</u>
<u>\$ 180,987</u>	<u>\$ 605,523</u>	<u>\$ 71,908</u>	<u>\$ 49,337</u>	<u>\$ 60,532</u>	<u>\$ 136,103</u>	<u>\$ 119,758</u>	<u>\$ 272,085</u>	<u>\$ 24,446</u>	<u>\$ 282,859</u>	<u>\$ 32,745</u>	<u>\$ 6,177,572</u>

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2006

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total
REVENUES:			
Taxes	\$3,868,031	\$ -	\$3,868,031
Licenses and permits	124,702	-	124,702
Intergovernmental	3,473,647	-	3,473,647
Charges for services	401,175	-	401,175
Fines	231,071	-	231,071
Special assessments	-	77	77
Interest income	15,087	-	15,087
Miscellaneous	293,847	-	293,847
Total revenues	<u>8,407,560</u>	<u>77</u>	<u>8,407,637</u>
EXPENDITURES:			
Current:			
General government	3,052,903	8,447	3,061,350
Public safety	1,386,806	-	1,386,806
Highways and streets	207,968	-	207,968
Sanitation	140,496	-	140,496
Health	225,530	-	225,530
Welfare	393,897	-	393,897
Education	194,918	-	194,918
Culture and recreation	1,641,367	-	1,641,367
Capital outlay	594,757	-	594,757
Total expenditures	<u>7,838,642</u>	<u>8,447</u>	<u>7,847,089</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	568,918	(8,370)	560,548
OTHER FINANCING USES:			
Operating transfers out	<u>(52,087)</u>	<u>-</u>	<u>(52,087)</u>
NET CHANGE IN FUND BALANCE	516,831	(8,370)	508,461
FUND BALANCES, BEGINNING OF YEAR	<u>4,779,959</u>	<u>1,110,103</u>	<u>5,890,062</u>
FUND BALANCES, END OF YEAR	<u>\$5,296,790</u>	<u>\$1,101,733</u>	<u>\$6,398,523</u>

See accompanying independent auditors' report.



Year Ended September 30, 2006

Weeds	Tort	Health District	Snowmobile- Priest Lake	Snowmobile- Sandpoint	Waterways	Parks and Recreation	Court Facilities	Court Interlock	Grants	Drug Court	Total
\$ 117,960	\$ 782,880	\$ 218,047	\$ -	\$ -	\$ -	\$ 80,271	\$ -	\$ -	\$ -	\$ 6,318	\$ 3,868,031
-	-	-	38,481	15,812	70,409	-	-	-	-	-	124,702
11,400	-	-	-	3,000	-	-	-	-	1,904,759	-	3,473,647
-	-	9,925	-	-	-	-	15,360	6,366	-	-	401,175
-	-	-	-	-	-	-	-	-	-	-	231,071
-	-	-	-	-	-	-	-	-	-	-	15,087
17,227	-	-	-	-	105	4,215	-	-	-	-	293,847
<u>146,587</u>	<u>782,880</u>	<u>227,972</u>	<u>38,481</u>	<u>18,812</u>	<u>70,514</u>	<u>84,486</u>	<u>15,360</u>	<u>6,366</u>	<u>1,904,759</u>	<u>6,318</u>	<u>8,407,560</u>
-	732,653	-	-	-	-	-	-	-	71,918	4,886	3,052,903
-	-	-	-	-	-	-	-	4,743	637,963	-	1,386,806
-	-	-	-	-	-	-	-	-	-	-	207,968
140,496	-	-	-	-	-	-	-	-	-	-	140,496
-	-	225,530	-	-	-	-	-	-	-	-	225,530
-	-	-	-	-	-	-	-	-	-	-	393,897
-	-	-	-	-	-	-	-	-	-	-	194,918
-	-	-	38,915	16,423	153,109	65,477	-	-	1,187,557	-	1,641,367
36,194	-	-	-	-	62	-	-	-	12,335	-	594,757
<u>176,690</u>	<u>732,653</u>	<u>225,530</u>	<u>38,915</u>	<u>16,423</u>	<u>153,171</u>	<u>65,477</u>	<u>-</u>	<u>4,743</u>	<u>1,909,773</u>	<u>4,886</u>	<u>7,838,642</u>
(30,103)	50,227	2,442	(434)	2,389	(82,657)	19,009	15,360	1,623	(5,014)	1,432	568,918
-	-	-	-	-	4,593	-	-	-	(81,384)	3,680	(52,087)
(30,103)	50,227	2,442	(434)	2,389	(78,064)	19,009	15,360	1,623	(86,398)	5,112	516,831
<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>22,123</u>	<u>275,328</u>	<u>27,096</u>	<u>4,779,959</u>
<u>\$ 135,627</u>	<u>\$ 566,745</u>	<u>\$ 61,271</u>	<u>\$ 49,337</u>	<u>\$ 60,499</u>	<u>\$ 105,720</u>	<u>\$ 106,868</u>	<u>\$ 272,085</u>	<u>\$ 23,746</u>	<u>\$ 188,930</u>	<u>\$ 32,208</u>	<u>\$ 5,296,790</u>

Bonner County, Idaho

Sandpoint, Idaho

Statement of Revenues - Budget and Actual - General Fund

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Taxes:				
Current	\$1,847,188	\$1,847,188	\$1,859,183	\$ 11,995
Penalties and interest	8,600	8,600	19,359	10,759
REA tax	9,484	9,484	11,622	2,138
Total taxes	<u>1,865,272</u>	<u>1,865,272</u>	<u>1,890,164</u>	<u>24,892</u>
Licenses and permits:				
Motor vehicle licenses	406,600	406,600	300,464	(106,136)
Trailer house licenses	3,100	3,100	3,404	304
Recreation vehicle licenses	5,700	5,700	5,948	248
Boat licenses	7,200	7,200	8,576	1,376
Liquor licenses	-	-	-	-
Pawnbroker licenses	-	-	15	15
Auctioneer licenses	-	-	5	5
Conditional use permit	19,850	19,850	24,850	5,000
Building licenses and permits	<u>300,000</u>	<u>300,000</u>	<u>208,270</u>	<u>(91,730)</u>
Total licenses and permits	<u>742,450</u>	<u>742,450</u>	<u>551,532</u>	<u>(190,918)</u>
Intergovernmental:				
Inventory phase-out	362,000	362,000	367,118	5,118
Category 58 replacement revenue	24,197	24,197	24,197	-
Liquor allocation	27,500	27,500	27,500	-
Revenue sharing	50,000	50,000	54,666	4,666
Inheritance tax	10,000	10,000	358	(9,642)
Extension office	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Total intergovernmental	<u>478,197</u>	<u>478,197</u>	<u>478,339</u>	<u>142</u>
Charges for services:				
Vehicle inspection fees	11,900	11,900	12,986	1,086
Recorder's fees	266,270	266,270	271,034	4,764
Planning fees	179,430	179,430	264,220	84,790
Treasurer fees	42,000	42,000	36,061	(5,939)
Assessor's fees	11,500	11,500	11,362	(138)
Title company billings and access fees	<u>369,000</u>	<u>369,000</u>	<u>15,858</u>	<u>(353,142)</u>
Total charges for services	<u>880,100</u>	<u>880,100</u>	<u>611,521</u>	<u>(268,579)</u>
Miscellaneous:				
Sale of County property	-	-	-	-
Elections	-	-	2,701	2,701
Refunds and reimbursements	18,690	18,690	5,653	(13,037)
Miscellaneous	185,607	190,357	34,167	(156,190)
Postage	900	900	2,355	1,455
Copies	<u>11,800</u>	<u>11,800</u>	<u>10,851</u>	<u>(949)</u>
Total miscellaneous	<u>216,997</u>	<u>221,747</u>	<u>55,727</u>	<u>(166,020)</u>
Interest:				
Interest income	<u>281,000</u>	<u>281,000</u>	<u>980,920</u>	<u>699,920</u>
Total general fund revenues	<u>\$4,464,016</u>	<u>\$4,468,766</u>	<u>\$4,568,203</u>	<u>\$ 99,437</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Expenditures - Budget and Actual - General Fund

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Clerk - Auditor:				
General government:				
Salaries	\$ 280,998	\$ 252,998	\$ 248,035	\$ 4,963
Other services and charges	104,780	135,839	119,638	16,201
Capital outlay	5,000	13,000	1,562	11,438
Total clerk - auditor	<u>390,778</u>	<u>401,837</u>	<u>369,235</u>	<u>32,602</u>
Treasurer:				
General government:				
Salaries	168,946	168,946	162,585	6,361
Other services and charges	49,930	49,930	28,086	21,844
Capital outlay	-	-	7,689	(7,689)
Total treasurer	<u>218,876</u>	<u>218,876</u>	<u>198,360</u>	<u>20,516</u>
Emergency management:				
Public safety:				
Salaries	116,774	116,774	109,358	7,416
Other services and charges	13,600	13,600	13,297	303
Total emergency management	<u>130,374</u>	<u>130,374</u>	<u>122,655</u>	<u>7,719</u>
Commissioners:				
General government:				
Salaries	210,196	210,196	209,557	639
Other services and charges	13,350	13,350	11,824	1,526
Capital outlay	2,300	2,300	-	2,300
Total commissioners	<u>225,846</u>	<u>225,846</u>	<u>221,381</u>	<u>4,465</u>
Coroner:				
Public safety:				
Salaries	19,327	19,327	18,902	425
Other services and charges	55,613	55,613	55,608	5
Total coroner	<u>74,940</u>	<u>74,940</u>	<u>74,510</u>	<u>430</u>
Buildings and grounds:				
General government:				
Salaries	111,836	111,836	105,400	6,436
Other services and charges	39,956	39,956	34,949	5,007
Capital outlay	35,000	35,000	35,550	(550)
Total buildings and grounds	<u>186,792</u>	<u>186,792</u>	<u>175,899</u>	<u>10,893</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
General:				
General government:				
Salaries	\$ -	\$ -	\$ -	\$ -
Benefits	743,907	743,907	601,747	142,160
Other services and charges	1,490,582	1,540,582	1,387,266	153,316
Capital outlay	-	-	23,328	(23,328)
Total general	<u>2,234,489</u>	<u>2,284,489</u>	<u>2,012,341</u>	<u>272,148</u>
Extension office:				
General government:				
Salaries	74,889	74,889	73,368	1,521
Other services and charges	33,345	33,345	27,993	5,352
Capital outlay	-	-	5,350	(5,350)
Total extension office	<u>108,234</u>	<u>108,234</u>	<u>106,711</u>	<u>1,523</u>
Data processing:				
General government:				
Salaries	42,440	42,440	41,035	1,405
Other services and charges	85,600	85,600	65,203	20,397
Capital outlay	-	-	15,273	(15,273)
Total data processing	<u>128,040</u>	<u>128,040</u>	<u>121,511</u>	<u>6,529</u>
Assessor - motor vehicles:				
General government:				
Salaries	220,131	220,131	201,954	18,177
Other services and charges	17,135	17,135	14,604	2,531
Capital outlay	4,450	4,450	6,391	(1,941)
Total assessor - motor vehicles	<u>241,716</u>	<u>241,716</u>	<u>222,949</u>	<u>18,767</u>
Planning:				
General government:				
Salaries	385,829	385,829	353,240	32,589
Other services and charges	151,165	151,165	128,840	22,325
Capital outlay	41,615	41,615	38,220	3,395
Total planning	<u>578,609</u>	<u>578,609</u>	<u>520,300</u>	<u>58,309</u>

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Information services:				
General government:				
Other services and charges	\$ 131,750	\$ 131,750	\$ 127,599	\$ 4,151
Capital outlay	9,700	9,700	11,391	(1,691)
Total information services	<u>141,450</u>	<u>141,450</u>	<u>138,990</u>	<u>2,460</u>
Personnel:				
General government:				
Salaries	39,773	39,773	38,688	1,085
Other services and charges	14,500	14,500	14,663	(163)
Capital outlay	2,700	2,700	2,499	201
Total personnel	<u>56,973</u>	<u>56,973</u>	<u>55,850</u>	<u>1,123</u>
Geographic information systems:				
General government:				
Salaries	70,777	70,777	69,276	1,501
Other services and charges	15,500	15,500	15,399	101
Capital outlay	-	-	-	-
Total geographic information systems	<u>86,277</u>	<u>86,277</u>	<u>84,675</u>	<u>1,602</u>
Contingency:				
General government:				
Other services and charges	<u>177,740</u>	<u>177,740</u>	<u>-</u>	<u>177,740</u>
Development services:				
General government:				
Salaries	65,559	65,559	-	65,559
Other services and charges	11,550	11,550	8,200	3,350
Capital outlay	15,500	15,500	-	15,500
Total development services	<u>92,609</u>	<u>92,609</u>	<u>8,200</u>	<u>84,409</u>
Total general fund:				
General government	4,752,164	4,805,223	4,089,149	716,074
Public safety	205,314	205,314	197,165	8,149
Capital outlay	<u>116,265</u>	<u>124,265</u>	<u>147,253</u>	<u>(22,988)</u>
Total general fund	<u>\$5,073,743</u>	<u>\$5,134,802</u>	<u>\$4,433,567</u>	<u>\$ 701,235</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Revenues - Budget and Actual - Justice Fund

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Justice:				
Taxes:				
Current	\$6,985,337	\$6,985,337	\$6,970,976	\$ (14,361)
Penalties and interest	74,918	74,918	178,498	103,580
REA tax	42,207	42,207	44,057	1,850
Total taxes	<u>7,102,462</u>	<u>7,102,462</u>	<u>7,193,531</u>	<u>91,069</u>
Licenses and permits:				
Drivers licenses	75,000	75,000	68,001	(6,999)
Boat licenses	138,000	138,000	105,613	(32,387)
Beer and liquor licenses	22,000	22,000	21,368	(632)
Concealed weapon permits	2,500	2,500	3,164	664
Total licenses and permits	<u>237,500</u>	<u>237,500</u>	<u>198,146</u>	<u>(39,354)</u>
Intergovernmental:				
State revenue sharing	1,000,000	1,000,000	1,093,315	93,315
Payment in lieu of taxes	138,377	138,377	116,328	(22,049)
Priest River services	252,000	252,000	169,000	(83,000)
Clark Fork services	3,600	3,600	1,500	(2,100)
Dover services	1,200	1,200	700	(500)
Kootenai	1,200	1,200	1,300	100
Oldtown services	3,600	3,600	3,600	-
U.S. Forest Service	4,000	4,000	2,506	(1,494)
Army Corps of Engineers	75,000	75,000	90,760	15,760
Law enforcement contracts	16,000	16,000	-	(16,000)
FILT-I F&G	-	-	6,100	6,100
Contributions and donations	-	-	2,070	2,070
Other law enforcement	-	-	212	212
Park Corp of Engineers	-	-	6,195	6,195
Ambulance District note repay	72,000	72,000	22,611	(49,389)
Total intergovernmental	<u>1,566,977</u>	<u>1,566,977</u>	<u>1,516,197</u>	<u>(50,780)</u>
Charges for services:				
Prisoner board	352,400	352,400	555,842	203,442
Public defender costs	21,497	21,497	24,625	3,128
ITD reinstatement	30,000	30,000	28,960	(1,040)
Processing and servicing fees	27,000	27,000	49,989	22,989
Fingerprinting and bonding fees	15,000	15,000	13,837	(1,163)
Work release and inmate labor	56,000	56,000	53,807	(2,193)
Court surcharge	50,000	50,000	44,095	(5,905)
Other	48,900	48,900	66,444	17,544
Total charges for services	<u>600,797</u>	<u>600,797</u>	<u>837,599</u>	<u>236,802</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Justice (continued):				
Miscellaneous:				
Reimbursements	\$ 14,000	\$ 14,000	\$ 13,090	\$ (910)
Pay phone commissions	-	-	57,942	57,942
Miscellaneous	-	-	822	822
Kitchen fund	1,300	1,300	1,576	276
Prisoner reimbursements	12,000	12,000	12,389	389
Sheriff's sale proceeds	-	-	2	2
Total miscellaneous	<u>27,300</u>	<u>27,300</u>	<u>85,821</u>	<u>58,521</u>
Total justice	<u>9,535,036</u>	<u>9,535,036</u>	<u>9,831,294</u>	<u>296,258</u>
Total all justice funds:				
Taxes	7,102,462	7,102,462	7,193,531	91,069
Licenses and permits	237,500	237,500	198,146	(39,354)
Intergovernmental	1,566,977	1,566,977	1,516,197	(50,780)
Charges for services	600,797	600,797	837,599	236,802
Miscellaneous	<u>27,300</u>	<u>27,300</u>	<u>85,821</u>	<u>58,521</u>
Total justice fund	<u>\$9,535,036</u>	<u>\$9,535,036</u>	<u>\$9,831,294</u>	<u>\$ 296,258</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Expenditures - Budget and Actual - Justice Fund

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Justice:				
Public safety:				
Clerk:				
Salaries	\$ 565,869	\$ 565,869	\$ 556,236	\$ 9,633
Sheriff:				
Salaries	2,216,027	2,126,027	2,020,265	105,762
Other services and charges	396,473	466,473	410,820	55,653
Debt service:				
Principal	18,628	18,628	22,864	(4,236)
Interest	430	430	528	(98)
Capital outlay	144,000	144,000	155,047	(11,047)
Total sheriff	<u>2,775,558</u>	<u>2,755,558</u>	<u>2,609,524</u>	<u>146,034</u>
Prosecuting attorney:				
Salaries	650,139	650,139	631,253	18,886
Other services and charges	61,945	128,473	73,400	55,073
Capital outlay	4,250	4,250	6,716	(2,466)
Total prosecuting attorney	<u>716,334</u>	<u>782,862</u>	<u>711,369</u>	<u>71,493</u>
Public defender:				
Salaries	274,698	274,698	267,816	6,882
Other services and charges	114,877	143,561	125,509	18,052
Capital outlay	-	-	3,337	(3,337)
Total public defender	<u>389,575</u>	<u>418,259</u>	<u>396,662</u>	<u>21,597</u>
Juvenile detention:				
Salaries	339,102	339,102	330,570	8,532
Other services and charges	148,754	148,754	147,225	1,529
Capital outlay	1,240	1,240	756	484
Total juvenile detention	<u>489,096</u>	<u>489,096</u>	<u>478,551</u>	<u>10,545</u>
General:				
Benefits	2,050,059	2,050,059	1,798,277	251,782
Other services and charges	432,286	432,286	430,269	2,017
Capital outlay	-	-	24,831	(24,831)
Total general	<u>2,482,345</u>	<u>2,482,345</u>	<u>2,253,377</u>	<u>228,968</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Justice (continued):				
Public safety (continued):				
Jail:				
Salaries	\$1,321,853	\$1,301,853	\$1,297,387	\$ 4,466
Other services and charges	535,580	535,580	493,323	42,257
Capital outlay	(76,000)	35,000	75,008	(40,008)
Total jail	<u>1,781,433</u>	<u>1,872,433</u>	<u>1,865,718</u>	<u>6,715</u>
Marine patrol:				
Salaries	121,080	121,080	120,808	272
Other services and charges	14,746	14,746	6,090	8,656
Capital outlay	-	-	7,174	(7,174)
Total marine patrol	<u>135,826</u>	<u>135,826</u>	<u>134,072</u>	<u>1,754</u>
Building and grounds:				
Other services and charges	11,200	11,200	12,066	(866)
Capital outlay	8,800	8,800	7,800	1,000
Total building and grounds	<u>20,000</u>	<u>20,000</u>	<u>19,866</u>	<u>134</u>
5% statutory reserve:				
Other services and charges	<u>214,000</u>	<u>168,000</u>	<u>-</u>	<u>168,000</u>
Total public safety	9,468,688	9,477,900	8,721,314	756,586
Debt service:				
Principal	18,628	18,628	22,864	(4,236)
Interest	430	430	528	(98)
Total capital outlay	<u>82,290</u>	<u>193,290</u>	<u>280,669</u>	<u>(87,379)</u>
Total justice	<u>\$9,570,036</u>	<u>\$9,690,248</u>	<u>\$9,025,375</u>	<u>\$ 664,873</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, 2006

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Revenues				
Taxes:				
Current	\$ 2,764,448	\$ 2,764,448	\$ 3,269,994	\$ 505,546
Penalties and interest	288,000	288,000	39,515	(248,485)
REA tax	26,265	26,265	25,295	(970)
Total taxes	<u>3,078,713</u>	<u>3,078,713</u>	<u>3,334,804</u>	<u>256,091</u>
Intergovernmental:				
Highway user revenue	1,612,000	1,612,000	1,623,319	11,319
Sales tax base and excess	115,000	115,000	129,482	14,482
Category 58 replacement revenue	11,026	11,026	11,026	-
State cost sharing	-	-	-	-
Forest apportionment	800,000	800,000	824,893	24,893
Total intergovernmental	<u>2,538,026</u>	<u>2,538,026</u>	<u>2,588,720</u>	<u>50,694</u>
Miscellaneous:				
Miscellaneous	63,227	63,227	64,843	1,616
Refunds and reimbursements	15,000	15,000	31,195	16,195
Total miscellaneous	<u>78,227</u>	<u>78,227</u>	<u>96,038</u>	<u>17,811</u>
Total revenues	<u>5,694,966</u>	<u>5,694,966</u>	<u>6,019,562</u>	<u>324,596</u>
Expenditures				
Highways and streets:				
Salaries	1,547,414	1,547,414	1,359,892	187,522
Benefits	545,318	545,318	498,224	47,094
Other services and charges	2,858,433	2,858,433	2,812,916	45,517
Total current	<u>4,951,165</u>	<u>4,951,165</u>	<u>4,671,032</u>	<u>280,133</u>
Debt service:				
Principal	210,862	210,862	191,891	18,971
Interest	77,464	77,464	70,495	6,969
Total debt service	<u>288,326</u>	<u>288,326</u>	<u>262,386</u>	<u>25,940</u>
Capital outlay	<u>1,456,244</u>	<u>1,456,244</u>	<u>1,020,238</u>	<u>436,006</u>
Total expenditures	<u>6,695,735</u>	<u>6,695,735</u>	<u>5,953,656</u>	<u>742,079</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(1,000,769)	(1,000,769)	65,906	1,066,675
OTHER FINANCING SOURCES:				
Capital leases	-	-	233,138	233,138
NET CHANGE IN FUND BALANCE	<u>\$(1,000,769)</u>	<u>\$(1,000,769)</u>	<u>\$ 299,044</u>	<u>\$ 1,299,813</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, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Charges for services:			
Fees	\$1,976,401	\$2,044,000	\$ 67,599
Commercial disposal	1,111,300	1,565,931	454,631
Gate	152,375	250,014	97,639
Total charges for services	<u>3,240,076</u>	<u>3,859,945</u>	<u>619,869</u>
Penalties and interest	-	22,392	8,317
Miscellaneous	14,075	26,930	26,930
Total revenues	<u>3,254,151</u>	<u>3,909,267</u>	<u>655,116</u>
EXPENDITURES:			
Salaries	576,384	533,644	42,740
Benefits	294,403	247,731	46,672
Other services and charges	2,635,208	2,825,990	(190,782)
Capital outlay	698,156	-	698,156
Total expenses	<u>4,204,151</u>	<u>3,607,365</u>	<u>596,786</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (950,000)</u>	<u>\$ 301,902</u>	<u>\$1,251,902</u>