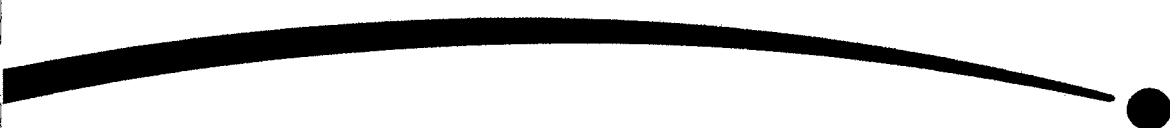




# **BONNER COUNTY, IDAHO SANDPOINT, IDAHO**

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

**September 30, 2007**



*Powerful insight. Proven results.*

# Bonner County, Idaho

## Sandpoint, Idaho

---

### Contents

---

	<u>Page</u>
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-11
BASIC FINANCIAL STATEMENTS:	
Government-wide financial statements:	
Statement of net assets	12
Statement of activities	13
FUND FINANCIAL STATEMENTS:	
Governmental funds:	
Combined balance sheet	14
Reconciliation of the governmental funds balance sheet to the statement of net assets	15
Combined statement of revenues, expenditures, and changes in fund balances	16
Reconciliation of the combined statement of revenues, expenditures, and changes in fund balances to the statement of activities	17
Budgetary comparison schedules:	
Statements of revenues, expenditures, and changes in fund balances:	
General fund	18
Justice fund	19
Road and bridge fund	20
Ambulance district fund	21
Grants	22
Proprietary funds:	
Statement of net assets	23
Statement of revenues, expenses, and changes in fund net assets	24
Statement of cash flows	25

# Bonner County, Idaho

## Sandpoint, Idaho

### Contents (continued)

Page

#### FINANCIAL SECTION (CONTINUED):

##### *Fiduciary funds:*

<i>Statement of fiduciary net assets</i>	26
<i>Statement of changes in fiduciary net assets</i>	27

##### *Notes to basic financial statements*

28-54

#### SUPPLEMENTAL INFORMATION:

##### *Nonmajor governmental funds:*

<i>Combining balance sheet – nonmajor governmental funds</i>	56
<i>Combining balance sheet – nonmajor special revenue funds</i>	57-61
<i>Combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds</i>	62
<i>Combining statement of revenues, expenditures, and changes in fund balances – nonmajor special revenue funds</i>	63-67

##### *Budgetary comparisons:*

###### *Governmental funds:*

<i>Statement of revenues – budget and actual – general fund</i>	68
<i>Statement of expenditures – budget and actual – general fund</i>	69-71
<i>Statement of revenues – budget and actual – justice fund</i>	72-73
<i>Statement of expenditures – budget and actual – justice fund</i>	74-75
<i>Statement of revenues and expenditures – budget and actual – road and bridge fund</i>	76
<i>Statement of revenues and expenditures – budget and actual – ambulance district</i>	77
<i>Statement of revenues and expenditures – budget and actual – grants</i>	78

###### *Proprietary funds:*

<i>Statement of revenues and expenditures – (Non-GAAP budgetary basis) – budget and actual – solid waste enterprise fund</i>	79
--	----

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, 2007, 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, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2008, 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 supplemental 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 supplemental 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 the County's basic financial statements. The supplemental information section listed in the contents is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*LeMaster & Daniels PLLC*

Yakima, Washington  
February 8, 2008

# 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, 2007. 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.

# Bonner County, Idaho

## Sandpoint, Idaho

---

### Management's Discussion and Analysis

---

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

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

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

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

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

#### Governmental-wide Financial Analysis

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.

# Bonner County, Idaho

## Sandpoint, Idaho

### Management's Discussion and Analysis

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

Table 1 – summarizes the County's net assets for 2007 compared to 2006:

Bonner County's Net Assets							Percentage Change 2006-2007
	Governmental Activities		Business-type Activities		Total		
	2007	2006	2007	2006	2007	2006	
Current and other assets	\$ 24,095,448	\$ 37,012,848	\$ 5,615,365	\$ 3,480,036	\$ 29,711,803	\$ 37,225,256	-26.6%
Capital assets	204,516,866	218,963,470	1,590,642	1,703,691	206,107,508	242,603,116	-6.6%
Total assets	\$ 228,612,314	\$ 255,876,318	\$ 7,207,007	\$ 5,183,727	\$ 235,880,610	\$ 261,160,045	-9.7%
Long-term liabilities outstanding	\$ 4,921,440	\$ 2,761,695	\$ 27,097	\$ 24,241	\$ 4,948,537	\$ 2,785,936	77.6%
Other liabilities	5,879,616	20,129,574	600,133	578,608	6,479,749	20,708,182	-68.7%
Total liabilities	\$ 10,801,056	\$ 22,891,269	\$ 627,230	\$ 602,849	\$ 11,428,286	\$ 23,494,118	-51.4%
Net assets:							
Invested in capital assets, net of related debt	\$ 200,289,824	\$ 217,558,694	\$ 1,590,642	\$ 1,703,691	\$ 201,880,466	\$ 219,262,385	-7.9%
Restricted	366,788	400,532	664,977	664,977	1,031,765	1,065,509	-3.2%
Unrestricted	17,154,646	15,125,823	4,324,158	2,212,210	21,478,804	17,338,033	23.9%
Total net assets	\$ 217,811,258	\$ 233,085,049	\$ 6,579,777	\$ 4,580,878	\$ 224,391,035	\$ 237,665,927	-5.6%

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 \$224,391,035 (\$217,811,258 in governmental activities and \$6,579,777 in business activities) as of September 30, 2007. By far, the largest portion of the County's net assets (89 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 (.5 percent) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$17,154,646) may be used to meet the County's ongoing obligations to citizens and creditors.

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

# Bonner County, Idaho

## Sandpoint, Idaho

### Management's Discussion and Analysis

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

Table 2 – shows the changes in net assets for 2007 and 2006:

	Bonner County's Changes in Net Assets						Percentage
	Governmental		Business-type		Total		Change
	Activities	Activities	Activities	Activities	Activities	Activities	2006-2007
	2007	2006	2007	2006	2007	2006	
Revenues:							
Program revenues:							
Charges for services	\$ 3,253,916	\$ 2,955,746	\$ 3,549,524	\$ 1,864,928	\$ 6,803,440	\$ 4,820,674	41.1%
Operating grants and contributions	2,417,257	1,718,370	-	-	2,417,257	1,718,370	40.7%
Capital grants and contributions	1,285,389	592,732	-	-	1,285,389	592,732	116.9%
General revenues:							
Property taxes	20,311,189	17,986,199	-	-	20,311,189	17,986,199	12.9%
Other taxes	215,531	254,096	2,380,910	1,995,017	2,596,441	2,249,113	15.4%
Intergovernmental	5,834,657	5,745,801	-	-	5,834,657	5,745,801	1.5%
Other	1,997,334	1,391,885	57,386	49,322	2,054,720	1,441,207	42.6%
Gain on sale	22,788	-	-	-	22,788	-	- %
Total revenues	35,338,061	30,644,829	5,987,820	3,909,267	41,325,881	34,554,096	19.6%
Expenses:							
General government	7,564,445	7,326,294	-	-	7,564,445	7,326,294	3.3%
Public safety	13,470,703	12,425,417	-	-	13,470,703	12,425,417	8.4%
Highways and streets	28,560,179	28,102,097	-	-	28,560,179	28,102,097	1.6%
Sanitation	129,528	142,303	-	-	129,528	142,303	-9.0%
Health	308,890	225,530	-	-	308,890	225,530	37.0%
Welfare	286,225	395,316	-	-	286,225	395,316	-27.6%
Education	285,752	194,918	-	-	285,752	194,918	46.6%
Culture and recreation	2,911,158	1,669,445	-	-	2,911,158	1,669,445	74.4%
Interest on long-term debt	163,720	135,602	-	-	163,720	135,602	20.7%
Solid waste	-	-	3,988,921	3,739,149	3,988,921	3,739,149	6.7%
Total expenses	53,680,600	50,616,922	3,988,921	3,739,149	57,669,521	54,356,071	6.1%
Change in net assets	\$ (18,342,539)	\$ (19,972,093)	\$ 1,998,899	\$ 170,118	\$ (16,343,640)	\$ (19,801,975)	-17.5%

#### Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$3,253,916 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 \$3,702,646 of total governmental revenues. The major recipients of intergovernmental program revenues were the Road and Bridge, Justice, Airport, and Grants.

Property tax revenues account for \$20,311,189 of the \$35,399,350 total revenues for governmental activities.

Highways and Streets accounted for \$28,560,179 of the \$53,741,889 total expenses for governmental activities. The next largest program was Public Safety, accounting for \$13,470,703 of the total governmental expenses.

# Bonner County, Idaho

## Sandpoint, Idaho

### Management's Discussion and Analysis

#### Governmental Activities (continued):

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, 2007 and 2006

	Total Cost of Services		Percentage change 2006-2007	Net Cost of Service		Percentage change 2006-2007
	2007	2006		2007	2006	
General government	\$ 7,564,445	\$ 7,326,294	3.3%	\$ 5,260,170	\$ 5,489,556	-4.2%
Public safety	13,470,703	12,425,417	8.4%	11,524,416	10,344,743	11.4%
Highways and streets	28,560,179	28,102,097	1.6%	27,762,666	28,102,097	-1.2%
Sanitation	129,528	142,303	-9.0%	129,528	142,303	-9.0%
Health	308,890	225,530	37.0%	308,434	215,605	43.1%
Welfare	286,225	395,316	-27.6%	286,225	395,316	-27.6%
Education	285,752	194,918	46.6%	281,972	194,918	44.7%
Culture and recreation	2,911,158	1,669,445	74.4%	1,006,438	329,934	205.0%
Interest on long-term debt	163,720	135,602	20.7%	163,720	135,602	20.7%
Total	<u>\$ 53,680,600</u>	<u>\$ 50,616,922</u>	<u>6.1%</u>	<u>\$ 46,724,038</u>	<u>\$ 45,350,074</u>	<u>3.0%</u>

Charges for services of \$2,303,806 are received and used to fund the general government expenses of the County. The remaining \$46,724,038 in net governmental activity costs are funded by property taxes, sales taxes, and intergovernmental revenues.

#### Business-Type Activities

The net assets for business-type activities increased by \$1,998,899 during 2007 and the major revenue sources were charges for services of \$3,988,921.

#### Overall Financial Position

**Governmental Funds:** The major funds include our General (Current Expense), Road and Bridge, Justice Fund, Grants Fund, and the Ambulance District. The General, Justice, and Ambulance District increased their overall fund balance from prior years. The remaining two major funds Road and Bridge and Grants saw an increase in utilization of the reserves maintained to finance operations.

# Bonner County, Idaho

## Sandpoint, Idaho

---

### Management's Discussion and Analysis

---

#### Overall Financial Position (continued):

**Enterprise Fund:** During fiscal year 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 resolved 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, and was fully implemented in FY 2006 – 2007. During the current fiscal year 2007 the charges exceeded the expenses by \$1,998,899.

**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

During the year-ended September 30, 2007, the County purchased a building through a long-term lease. As a result, our *Governmental Activities* show an increase of \$2,037,266 in costs comparative to the previous fiscal 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, 2007, there were no funds for which expenditures exceeded appropriations.

#### 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, Idaho

## Sandpoint, Idaho

### Management's Discussion and Analysis

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

##### Local Economy (continued):

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

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

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

##### County Operations:

- Panhandle Area Council (PAC) has purchased the former Federal Building in Sandpoint. Bonner County has agreed to lease this building from them for 30 years with the intent of purchasing the building at the end of the lease period for \$1.00. This is the culmination of the work performed and the decisions made by not only the current board but many previous Boards who sought a solution to our overcrowded situation. Moves are currently underway for the planning and assessor's office to relocate to the 2<sup>nd</sup> floor of the former federal building by year end 2007. Work will then commence on remodeling the annex building with the intent of moving the prosecutor's office into that building by February 2008.

# Bonner County, Idaho

## Sandpoint, Idaho

---

### Management's Discussion and Analysis

---

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

##### County Operations (continued):

- The legislators made a major change in Idaho Code that affected the expenses we could legally use the \$1.00 line fee associated with the 911 operations. This change resulted in our having to move a great deal of our wages and other expenses to the Justice Fund. Doing so enabled us to use taxing authority to pay for these items. The switch in funding resulted in an additional \$300,000+ dollars being charged to our tax payers. Legislative proposals will be made in the future to try and address this boondoggle.
- Bonner County continually fights the battle of low salaries/wages when trying to attract employees in almost every category of its operations. January 2007 saw a new Board of Commissioners take office who recognized this deficiency and during the budget setting process made the decision to again devote a great deal of the budget increase to enhancing those wages and the benefit package.
- During the past few years Bonner County experienced a phenomenal growth rate. This had a major impact on our infrastructure, on law enforcement, the courts, planning and zoning, airport, indigent needs etc. While the growth rate has slowed down over the past year or so, the impact of the new arrivals is still being felt.
- Bonner County became home to Urban Renewal Districts (URDs) with two forming in the city of Sandpoint and one in the city of Dover. This was the first year wherein the tax impact affected those cities. The city of Sandpoint is faring well, while the city of Dover is experiencing a major negative financial impact.
- Two years ago, Bonner County became a hot bed of controversy when the assessment rates were turned back to the 2005 level by the Board of Commissioners during the Board of Equalization (BOE) process. This was done after 5,000+ appeals were filed with the BOE in protest to the actions taken by the then seated county Assessor. That Assessor was defeated at the polls and a newly elected one took office in January 2007. Due to the diligence of the new Assessor and his staff, Bonner County experienced far fewer appeals to the BOE. Work still needs to be done in this area, but for the most part the residents of our area have a greater level of confidence in the accuracy of the work now being done by the Assessor's office.

#### 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, 2007**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS:</b>			
Cash and investments	\$ 20,334,536	\$ 4,616,442	\$ 24,950,978
Receivables, net of allowance for uncollectibles:			
Taxes	1,377,189	-	1,377,189
Fees	-	2,398	2,398
Interest	168,876	-	168,876
Accounts	409,333	332,548	741,881
Special assessments	175,806	-	175,806
Other current assets	9,481	-	9,481
Due from other governments	383,301	-	383,301
Receivable from other funds	1,236,926	-	1,236,926
Restricted assets:			
Cash	-	664,313	664,313
Cash on deposit with fiscal agent	-	664	664
Capital assets:			
Land	3,727,881	177,590	3,905,471
Other capital assets, net of depreciation	200,788,985	1,413,052	202,202,037
Total assets	<u>228,612,314</u>	<u>7,207,007</u>	<u>235,819,321</u>
<b>LIABILITIES:</b>			
Warrants payable	3,373,716	583,016	3,956,732
Vouchers payable	117,357	-	117,357
Accrued payroll	277,575	13,225	290,800
Accrued retirement payable	80,073	3,892	83,965
Accrued interest payable	21,886	-	21,886
Payable to funds	1,236,926	-	1,236,926
Deferred revenue	772,083	-	772,083
Long-term liabilities:			
Due within one year:			
Compensated absences	547,842	20,322	568,164
Special assessment bonds payable	220,000	-	220,000
Leases payable	380,630	-	380,630
Due in more than one year:			
Compensated absences	146,556	6,775	153,331
Special assessment bonds payable	355,000	-	355,000
Leases payable	3,271,412	-	3,271,412
Total liabilities	<u>10,801,056</u>	<u>627,230</u>	<u>11,428,286</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	200,289,824	1,590,642	201,880,466
Restricted for:			
Debt retirement	366,788	664	367,452
Capital improvements	-	664,313	664,313
Unrestricted	17,154,646	4,324,158	21,478,804
Total net assets	<u>\$ 217,811,258</u>	<u>\$ 6,579,777</u>	<u>\$ 224,391,035</u>

See accompanying notes to basic financial statements.

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

**Statement of Activities**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 7,564,445	\$ 2,303,806	\$ -	\$ -
Public safety	13,470,703	949,654	702,014	294,619
Highways and streets	28,560,179	-	-	797,513
Sanitation	129,528	-	-	-
Health	308,890	456	-	-
Welfare	286,225	-	-	-
Education	285,752	-	3,780	-
Culture and recreation	2,911,158	-	1,711,463	193,257
Interest on long-term debt	163,720	-	-	-
Total governmental activities	<u>53,680,600</u>	<u>3,253,916</u>	<u>2,417,257</u>	<u>1,285,389</u>
Business-type activities:				
Solid waste	<u>3,988,921</u>	<u>3,549,524</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>3,988,921</u>	<u>3,549,524</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 57,669,521</u>	<u>\$ 6,803,440</u>	<u>\$ 2,417,257</u>	<u>\$ 1,285,389</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Special assessments				
Intergovernmental revenues				
Miscellaneous				
Interest and investment earnings				
Gain on sale of assets				
Total general revenues and special items				
Change in net assets				
Net assets, beginning, as restated				
Net assets, ending				

See accompanying notes to basic financial statements.

Year Ended September 30, 2007

Net (Expense) Revenue and  
Changes in Net Assets  
Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (5,260,639)	\$ -	\$ (5,260,639)
(11,524,416)	-	(11,524,416)
(27,762,666)	-	(27,762,666)
(129,528)	-	(129,528)
(308,434)	-	(308,434)
(286,225)	-	(286,225)
(281,972)	-	(281,972)
(1,006,438)	-	(1,006,438)
(163,720)	-	(163,720)
<u>(46,724,038)</u>	<u>-</u>	<u>(46,724,038)</u>
-	(439,397)	(439,397)
-	(439,397)	(439,397)
<u>(46,724,038)</u>	<u>(439,397)</u>	<u>(47,163,435)</u>
20,311,189	-	20,311,189
215,531	2,380,910	2,596,441
5,834,657	-	5,834,657
584,124	57,386	641,510
1,413,210	-	1,413,210
22,788	-	22,788
<u>28,381,499</u>	<u>2,438,296</u>	<u>30,819,795</u>
(18,342,539)	1,998,899	(16,343,640)
<u>236,153,797</u>	<u>4,580,878</u>	<u>240,734,675</u>
<u>\$217,811,258</u>	<u>\$ 6,579,777</u>	<u>\$ 224,391,035</u>

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

**Combined Balance Sheet - Governmental Funds**

**September 30, 2007**

	<u>General</u>	<u>Justice</u>	<u>Road and Bridge</u>	<u>Ambulance District</u>	<u>Grants</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>Assets</b>							
Cash and investments	\$ 3,209,926	\$ 4,686,597	\$ 3,990,606	\$ 1,084,119	\$ 310,739	\$ 7,052,549	\$ 20,334,536
Receivables, net of allowance for uncollectibles:							
Taxes	80,792	368,219	-	-	60	168,879	617,950
Interest	168,876	-	-	-	-	-	168,876
Accounts	137,974	32,574	8,057	29,253	45,046	156,429	409,333
Special assessments	-	-	175,806	-	-	-	175,806
Due from other governments	723	64,969	-	-	25,168	292,441	383,301
Due from other funds	-	1,236,926	-	-	-	-	1,236,926
Other assets	3,486	-	-	4,990	-	1,005	9,481
<b>Total assets</b>	<b>\$ 3,601,777</b>	<b>\$ 6,389,285</b>	<b>\$ 4,174,469</b>	<b>\$ 1,118,362</b>	<b>\$ 381,013</b>	<b>\$ 7,671,303</b>	<b>\$ 23,336,209</b>
<b>Liabilities and Fund Balances</b>							
<b>LIABILITIES:</b>							
Warrants payable	\$ 215,562	\$ 409,172	\$ 1,174,487	\$ 182,870	\$ 134,857	\$ 1,256,768	\$ 3,373,716
Vouchers payable	598	7,424	-	-	80,463	28,872	117,357
Accrued payroll	37,903	133,413	35,166	17,597	547	52,949	277,575
Accrued retirement payable	9,710	39,622	11,675	4,051	470	14,545	80,073
Due to other funds	-	-	-	1,204,247	32,679	-	1,236,926
Deferred revenue	75,694	344,152	164,051	-	-	188,186	772,083
Compensated absences payable	62,701	277,111	85,801	24,375	85	97,769	547,842
<b>Total liabilities</b>	<b>402,168</b>	<b>1,210,894</b>	<b>1,471,180</b>	<b>1,433,140</b>	<b>249,101</b>	<b>1,639,089</b>	<b>6,405,572</b>
<b>FUND BALANCES:</b>							
Unreserved, reported in:							
General fund	3,199,609	5,178,391	2,703,289	(314,778)	131,912	-	10,898,423
Special revenue fund	-	-	-	-	-	6,032,214	6,032,214
<b>Total fund balances (deficit)</b>	<b>3,199,609</b>	<b>5,178,391</b>	<b>2,703,289</b>	<b>(314,778)</b>	<b>131,912</b>	<b>6,032,214</b>	<b>16,930,637</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,601,777</b>	<b>\$ 6,389,285</b>	<b>\$ 4,174,469</b>	<b>\$ 1,118,362</b>	<b>\$ 381,013</b>	<b>\$ 7,671,303</b>	<b>\$ 23,336,209</b>

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, 2007**

---

Total fund balances as shown on the Governmental Funds Balance Sheet		\$ 16,930,637
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, 2007.		204,516,866
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes		759,239
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	\$ (3,652,042)	
Special assessment bonds payable	(575,000)	
Compensated absences	(146,556)	
Accrued interest payable	(21,886)	
		<u>(4,395,484)</u>
Total net assets as shown on the statement of net assets		<u><u>\$ 217,811,258</u></u>

See accompanying notes to basic financial statements.

---

# Bonner County, Idaho

## Sandpoint, Idaho

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

Year Ended September 30, 2007

	General	Justice	Road and Bridge	Ambulance District	Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$ 1,728,575	\$ 8,316,486	\$ 3,732,411	\$ 2,422,193	\$ -	\$ 4,145,101	\$ 20,344,766
Licenses and permits	512,501	242,791	-	-	-	202,012	957,304
Intergovernmental	586,673	1,422,233	2,649,552	-	2,999,012	1,879,833	9,537,303
Charges for services	577,774	706,863	-	-	-	735,308	2,019,945
Fines	-	-	-	-	-	276,667	276,667
Special assessments	-	-	-	-	-	215,531	215,531
Interest income	1,366,314	-	-	-	-	46,896	1,413,210
Rental income	-	-	-	-	-	67,284	67,284
Miscellaneous	95,698	103,627	95,821	456	-	247,188	542,790
Total revenues	<u>4,867,535</u>	<u>10,792,000</u>	<u>6,477,784</u>	<u>2,422,649</u>	<u>2,999,012</u>	<u>7,815,820</u>	<u>35,374,800</u>
<b>EXPENDITURES:</b>							
Current:							
General government	3,758,418	-	-	-	261,014	3,310,489	7,329,921
Public safety	148,599	9,671,778	-	1,973,564	379,071	926,510	13,099,522
Highways and streets	-	-	4,638,571	-	-	578,410	5,216,981
Sanitation	-	-	-	-	-	129,528	129,528
Health	-	-	-	-	-	258,649	258,649
Welfare	-	-	-	-	-	284,806	284,806
Education	-	-	-	-	-	285,752	285,752
Culture and recreation	-	-	-	-	2,499,942	387,669	2,887,611
Capital outlay	38,570	229,256	1,742,564	213,423	-	4,240,098	6,463,911
Debt service:							
Principal	-	15,914	275,003	16,669	-	220,286	527,872
Interest and fiscal charges	-	1,923	63,901	4,127	-	93,769	163,720
Total expenditures	<u>3,945,587</u>	<u>9,918,871</u>	<u>6,720,039</u>	<u>2,207,783</u>	<u>3,140,027</u>	<u>10,715,966</u>	<u>36,648,273</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>921,948</u>	<u>873,129</u>	<u>(242,255)</u>	<u>214,866</u>	<u>(141,015)</u>	<u>(2,900,146)</u>	<u>(1,273,473)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating transfers in (out)	(2,803)	61,570	-	-	83,997	(142,764)	-
Capital leases proceeds	-	-	-	100,138	-	2,465,000	2,565,138
Total other financing sources (uses)	<u>(2,803)</u>	<u>61,570</u>	<u>-</u>	<u>100,138</u>	<u>83,997</u>	<u>2,322,236</u>	<u>2,565,138</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>919,145</u>	<u>934,699</u>	<u>(242,255)</u>	<u>315,004</u>	<u>(57,018)</u>	<u>(577,910)</u>	<u>1,291,665</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>2,280,464</u>	<u>4,243,692</u>	<u>2,945,544</u>	<u>(629,782)</u>	<u>188,930</u>	<u>6,610,124</u>	<u>15,638,972</u>
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	<u>\$ 3,199,609</u>	<u>\$ 5,178,391</u>	<u>\$ 2,703,289</u>	<u>\$ (314,778)</u>	<u>\$ 131,912</u>	<u>\$ 6,032,214</u>	<u>\$ 16,930,637</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, 2007**

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

Net change in fund balances - total governmental funds \$ 1,291,665

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:

Capital outlay

\$ 6,463,911

Depreciation expense

(23,976,101)

(17,512,190)

Revenues in the statement of activities that do not provide current  
financial resources are not reported as revenues in the funds. (33,577)

The net effect of various miscellaneous transactions involving capital  
assets (i.e., sales, trade-in, and donations) is to increase net assets. (3,162)

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:

Debt proceeds

(2,565,138)

Principal payments

527,872

(2,037,266)

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. (48,009)

Change in net assets, as reflected on the statement of activities \$ (18,342,539)

---

See accompanying notes to basic financial statements.

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

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

**Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 1,727,742	\$ 1,727,742	\$ 1,728,575	\$ 833
Licenses and permits	576,378	576,378	512,501	(63,877)
Intergovernmental	478,339	478,339	586,673	108,334
Charges for services	593,788	593,788	577,774	(16,014)
Interest income	820,755	820,755	1,366,314	545,559
Miscellaneous	88,664	88,664	95,698	7,034
Total revenues	<u>4,285,666</u>	<u>4,285,666</u>	<u>4,867,535</u>	<u>581,869</u>
<b>EXPENDITURES:</b>				
Current:				
General government	4,344,925	4,368,425	3,758,418	610,007
Public safety	161,808	161,808	148,599	13,209
Capital outlay	26,450	50,450	38,570	11,880
Total expenditures	<u>4,533,183</u>	<u>4,580,683</u>	<u>3,945,587</u>	<u>635,096</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(247,517)	(295,017)	921,948	1,216,965
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	(2,803)	(2,803)
<b>NET CHANGE IN FUND BALANCE</b>	(247,517)	(295,017)	919,145	1,214,162
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>632,642</u>	<u>-</u>	<u>2,280,464</u>	<u>2,280,464</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 385,125</u>	<u>\$ (295,017)</u>	<u>\$ 3,199,609</u>	<u>\$ 3,494,626</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, 2007**

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 8,378,310	\$ 8,378,310	\$ 8,316,486	\$ (61,824)
Licenses and permits	195,392	195,392	242,791	47,399
Intergovernmental	1,539,211	1,539,211	1,422,233	(116,978)
Charges for services	729,757	729,757	706,863	(22,894)
Miscellaneous	101,392	101,392	103,627	2,235
Total revenues	<u>10,944,062</u>	<u>10,944,062</u>	<u>10,792,000</u>	<u>(152,062)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	10,452,671	10,439,802	9,671,778	768,024
Debt service:				
Principal	12,000	12,000	15,914	(3,914)
Interest	1,923	1,923	1,923	-
Capital outlay	202,323	212,823	229,256	(16,433)
Total expenditures	<u>10,668,917</u>	<u>10,666,548</u>	<u>9,918,871</u>	<u>747,677</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	275,145	277,514	873,129	595,615
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	-	-	61,570	61,570
<b>NET CHANGE IN FUND BALANCE</b>	275,145	277,514	934,699	657,185
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>(275,145)</u>	<u>-</u>	<u>4,243,692</u>	<u>4,243,692</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 277,514</u>	<u>\$ 5,178,391</u>	<u>\$ 4,900,877</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, 2007**

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,718,476	\$ 3,718,476	\$ 3,732,411	\$ 13,935
Intergovernmental	2,588,720	2,588,720	2,649,552	60,832
Miscellaneous	80,611	80,611	95,821	15,210
Total revenues	<u>6,387,807</u>	<u>6,387,807</u>	<u>6,477,784</u>	<u>89,977</u>
<b>EXPENDITURES:</b>				
Current:				
Highways and streets	-	5,442,336	4,638,571	803,765
Debt service:				
Principal	288,326	288,326	275,003	13,323
Interest	-	-	63,901	(63,901)
Capital outlay	<u>1,656,244</u>	<u>2,259,378</u>	<u>1,742,564</u>	<u>516,814</u>
Total expenditures	<u>1,944,570</u>	<u>7,990,040</u>	<u>6,720,039</u>	<u>1,270,001</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,443,237</b>	<b>(1,602,233)</b>	<b>(242,255)</b>	<b>1,359,978</b>
<b>OTHER FINANCING SOURCES:</b>				
Capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,443,237</b>	<b>(1,602,233)</b>	<b>(242,255)</b>	<b>1,359,978</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>2,945,544</u>	<u>2,945,544</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ 4,443,237</u></u>	<u><u>\$(1,602,233)</u></u>	<u><u>\$ 2,703,289</u></u>	<u><u>\$ 4,305,522</u></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****Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Current	\$ 2,249,729	\$ 2,249,729	\$ 2,422,193	\$ 172,464
Miscellaneous	(105)	(105)	456	561
Total revenues	<u>2,249,624</u>	<u>2,249,624</u>	<u>2,422,649</u>	<u>173,025</u>
EXPENDITURES:				
Current:				
Salaries	-	898,050	885,570	12,480
Benefits	352,730	352,730	322,366	30,364
Other services and charges	913,578	897,098	765,628	131,470
Total current	<u>1,266,308</u>	<u>2,147,878</u>	<u>1,973,564</u>	<u>174,314</u>
Debt service:				
Principal	60,000	60,000	16,669	43,331
Interest	-	-	4,127	(4,127)
Capital outlay	105,029	105,029	213,423	(108,394)
Total expenditures	<u>1,431,337</u>	<u>2,312,907</u>	<u>2,207,783</u>	<u>105,124</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	818,287	(63,283)	214,866	278,149
OTHER FINANCING SOURCES:				
Capital leases	-	-	100,138	100,138
NET CHANGE IN FUND BALANCE	818,287	(63,283)	315,004	378,287
FUND BALANCES, BEGINNING OF YEAR	-	-	(629,782)	(629,782)
FUND BALANCES, END OF YEAR	<u>\$ 818,287</u>	<u>\$ (63,283)</u>	<u>\$ (314,778)</u>	<u>\$ (251,495)</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 - Grants**

**Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<i>REVENUES:</i>				
Intergovernmental:				
Grants	<u>\$ 7,628,867</u>	<u>\$ 9,428,867</u>	<u>\$ 2,999,012</u>	<u>\$(6,429,855)</u>
<i>EXPENDITURES:</i>				
Current:				
Salaries	750,000	750,000	113,938	636,062
Benefits	-	27,719	26,228	1,491
Other services and charges	<u>3,250,000</u>	<u>5,022,301</u>	<u>2,999,861</u>	<u>2,022,440</u>
	<u>4,000,000</u>	<u>5,800,020</u>	<u>3,140,027</u>	<u>2,659,993</u>
<i>OTHER FINANCING SOURCES:</i>				
Operating transfers in	<u>81,384</u>	<u>81,384</u>	<u>83,997</u>	<u>2,613</u>
<i>NET CHANGE IN FUND BALANCE</i>	<u>3,710,251</u>	<u>3,710,231</u>	<u>(57,018)</u>	<u>(9,087,235)</u>
<i>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</i>	<u>(81,384)</u>	<u>(81,384)</u>	<u>188,930</u>	<u>270,314</u>
<i>FUND BALANCES (DEFICIT), END OF YEAR</i>	<u><u>\$ 3,628,867</u></u>	<u><u>\$ 3,628,847</u></u>	<u><u>\$ 131,912</u></u>	<u><u>\$(8,816,921)</u></u>

See accompanying notes to basic financial statements.

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

**Statement of Net Assets - Proprietary Funds**

**September 30, 2007**

Business-type Activities  
Enterprise Funds  
Solid Waste

**Assets**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 4,616,442
Receivables, net of allowance for uncollectibles:	
Fees	2,398
Accounts	332,548
Total current assets	<u>4,951,388</u>

**NONCURRENT ASSETS:**

Restricted assets:	
Cash	\$ 664,313
Cash on deposit with fiscal agent	664
Fixed assets, net of depreciation	<u>1,590,642</u>
Total noncurrent assets	<u>2,255,619</u>
 Total assets	 <u>\$ 7,207,007</u>

**Liabilities**

**CURRENT LIABILITIES:**

Warrants payable	\$ 583,016
Accrued payroll	13,225
Accrued retirement payable	3,892
Compensated absences payable	20,322
Total current liabilities	<u>620,455</u>

**NONCURRENT LIABILITIES:**

Compensated absences payable	<u>6,775</u>
 Total liabilities	 627,230

**Net Assets**

Invested in capital assets, net of related debt	\$ 1,590,642
Reserved for:	
Debt retirement	664
Capital improvements	664,313
Unrestricted	<u>4,324,158</u>
	<u>6,579,777</u>
 Total liabilities and net assets	 <u>\$ 7,207,007</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, 2007**

---

	Business-type Activities Enterprise Funds	
	<u>Solid Waste</u>	
<i>OPERATING REVENUES:</i>		
Charges for services		\$ 5,930,434
<i>OPERATING EXPENSES:</i>		
Salaries	\$ 579,662	
Benefits	298,875	
Other services and charges	2,984,528	
Depreciation	<u>125,856</u>	
Total operating expenses		<u>3,988,921</u>
<i>OPERATING INCOME</i>		1,941,513
<i>NONOPERATING REVENUES:</i>		
Penalties and interest	26,368	
Miscellaneous	<u>31,018</u>	
Total nonoperating revenues		<u>57,386</u>
<i>INCREASE IN NET ASSETS</i>		1,998,899
<i>NET ASSETS, BEGINNING OF YEAR</i>		<u>4,580,878</u>
<i>NET ASSETS, END OF YEAR</i>		<u><u>\$ 6,579,777</u></u>

See accompanying notes to basic financial statements.

---



---

Year Ended September 30, 2007

---

Business-type Activities  
Enterprise Funds  
Solid Waste

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

Operating income		\$ 1,941,513
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 125,856	
Changes in assets and liabilities:		
Decrease (increase) in receivables:		
Fees	133,048	
Accounts	(168,859)	
Increase in warrants payable	20,838	
Increase in accrued payroll	375	
Increase in retirement payable	312	
Increase in compensated absences payable	<u>2,856</u>	
Total adjustments		<u>114,426</u>
Net cash provided by operating activities		<u><u>\$ 2,055,939</u></u>

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

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

**September 30, 2007**

	<u>Fiduciary Fund Types</u>		
	Employee 457 Deferred Compensation Trust Fund	Agency Funds	Totals (Memorandum Only)
<b>Assets</b>			
Cash and cash equivalents	\$ 543,137	\$ 851,738	\$ 1,394,875
Receivable, net of allowance for uncollectibles:			
Taxes	<u>-</u>	<u>884,403</u>	<u>884,403</u>
Total assets	<u>\$ 543,137</u>	<u>\$ 1,736,141</u>	<u>\$ 2,279,278</u>
<b>Liabilities and Net Assets</b>			
<b>LIABILITIES:</b>			
Warrants payable	\$ -	\$ 38,505	\$ 38,505
Accounts payable	-	379,380	379,380
Due to other taxing districts	<u>-</u>	<u>1,318,256</u>	<u>1,318,256</u>
Total liabilities	<u>-</u>	<u>\$ 1,736,141</u>	<u>\$ 1,736,141</u>
<b>NET ASSETS:</b>			
Investments held in trust for participants	<u>543,137</u>	<u>-</u>	<u>543,137</u>
	<u>\$ 543,137</u>	<u>\$ -</u>	<u>\$ 543,137</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, 2007**

---

Employee  
457  
Deferred  
Compensation  
Trust Fund

*ADDITIONS:*

Trust receipts \$ 176,927

*DEDUCTIONS:*

Trust turnovers 117,047

*CHANGE IN NET ASSETS* 59,880

*NET ASSETS, BEGINNING OF YEAR* 483,257

*NET ASSETS, END OF YEAR* \$ 543,137

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 retroactively reported infrastructure (assets acquired prior to September 1, 2002) in the current fiscal year, 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

# 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):*

##### *Blended Component Units (continued) —*

the County; and the Ambulance District provides services wholly within the boundaries of the County with the intention of providing medical services to the residents of the County. Therefore, the Ambulance District is presented as a blended component unit and is grouped as a special revenue fund.

*Basis of Presentation* — 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 2007.

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.

# 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):*

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

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

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

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

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

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

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

The *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.

**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 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:

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.

# 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* – 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.

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.

# 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* – 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, 2007, 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.

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.

# 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):*

*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, 2007.

Property taxes are an enforceable lien on property. The County property taxes are levied on or before the third Monday of the preceding September and billed to taxpayers in November. The taxes are due in two installments. One half of the personal property taxes and one-half of the real property taxes are due on or before December 20. The remaining one-half of the personal real property taxes is due on or before June 20 of the following year. If the first half of the personal property tax becomes delinquent, then the full tax is due. 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.

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

**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) —*

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.

# 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) –*

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

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

At September 30, 2007, total compensated absences payable by the County is \$721,495. Of this amount, \$694,398 arises from governmental activity operations and \$27,097 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.

# 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):*

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

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

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

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

*Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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):*

*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 \$759,239 difference are as follows:

Unavailable deferred revenue	\$ 759,239
Net adjustment to increase total governmental funds to arrive at net assets governmental funds	\$ 759,239
	<hr/>

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 \$4,395,484 difference are as follows:

Accrued interest payable	\$ 21,886
Capital leases payable	3,652,042
Special assessment bonds payable	575,000
Compensated absences	<u>146,556</u>
Net adjustments to reduce — total governmental funds to arrive at net assets — governmental activities	\$4,395,484
	<hr/>

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

---

**Notes to Basic Financial Statements**

---

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

---

*Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities – The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is capitalized and depreciated over the period of the asset's useful life. When capital assets are disposed of, the difference between the original cost and the depreciation, and the proceeds is recorded as gain or (loss) on the sale." The details of this (\$17,512,190) difference are as follows:*

Capital outlay	\$ 6,463,911
Depreciation expense	<u>(23,976,101)</u>
Net adjustment to decrease the net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (17,512,190)</u>

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 \$2,037,266 difference are as follows:

Debt issued or incurred:	
Capital lease proceeds	\$ 2,565,138
Principal repayments:	
Capital lease	(317,872)
Special assessment debt	<u>(210,000)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,037,266</u>

# Bonner County, Idaho

## Sandpoint, Idaho

---

### Notes to Basic Financial Statements

---

#### 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.

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, 2007.

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.

# Bonner County, Idaho

## Sandpoint, Idaho

---

### Notes to Basic Financial Statements

---

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

---

##### *Deficit Fund Equity*

At September 30, 2007, the Ambulance District fund had a deficit fund balance of \$376,067. 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 2007 was \$2,777,881 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.

#### 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 2007 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.

# Bonner County, Idaho

## Sandpoint, Idaho

---

### Notes to Basic Financial Statements

---

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

---

*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, 2007. As of September 30, 2007, the following issuers hold more than 5% of the County's total portfolio: Panhandle State Bank – 58%, Wells Fargo Bank – 15%, and U.S. Bank – 11%.

*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, 2007, the market value of the repurchase agreements through Panhandle State Bank was \$15,575,427. 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 \$15,575,427.

*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, 2007, substantially all of the County's bank balance of deposits was exposed to custodial credit risk. The County has \$3,175,000 in certificates of deposit carried at cost. Four \$100,000 certificates of deposit are at separate banks covered by Federal Deposit Insurance Corporation insurance. The County has invested in Money Market Security in the amount of \$4,121,162 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.

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

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

---

**Notes to Basic Financial Statements**

---

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

---

*Interest Rate Risk (continued) —*

<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>
Panhandle State Bank Re- purchase Agreement	N/A	\$15,782,656	\$ -	\$ -	\$ -	\$15,782,656	\$15,782,656
State of Idaho Local Government Investment Pool	N/A	<u>3,896,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,896,890</u>	<u>3,896,890</u>
Total investments		<u>\$19,679,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$19,679,546</u>	<u>\$19,679,546</u>

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

---

Amounts due from other governmental units include balances due from the federal government, state of Idaho, and other local governments related to grant funded activities, including airport construction, weed control, and justice activities. The County believes all balances are collectible, and as a result has not established an allowance for uncollectible accounts.

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

---

**Notes to Basic Financial Statements**

---

**NOTE 6 — CAPITAL ASSETS:**

---

Capital asset activity for the year ended September 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, being depreciated:				
Infrastructure	\$ 454,495,306	\$ 1,998,464	\$ -	\$ 456,493,770
Buildings	740,385	2,651,944	-	3,392,329
Machinery and equipment	14,574,939	1,813,503	(371,014)	16,017,428
Less accumulated depreciation	<u>(247,778,412)</u>	<u>(23,976,101)</u>	<u>367,852</u>	<u>(271,386,661)</u>
 Governmental activities capital assets, net	 \$ 222,032,218	 \$(17,512,190)	 \$ (3,162)	 \$ 204,516,866
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
 Depreciation expense was charged to functions as follows:				
General governmental services				\$ 186,515
Highways and streets				23,343,198
Welfare				1,419
Culture and recreation				23,547
Public safety				371,181
Health				<u>50,241</u>
 Total governmental activities depreciation expense				 \$ 23,976,101
				<u>                    </u>

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

**Notes to Basic Financial Statements**

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Business-type Activities</b>				
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	796,623	12,807	-	809,430
Machinery and equipment	<u>1,216,669</u>	<u>-</u>	<u>-</u>	<u>1,216,669</u>
Total capital assets, being depreciated	<u>2,880,771</u>	<u>12,807</u>	<u>-</u>	<u>2,893,578</u>
Less accumulated depreciation for:				
Buildings	229,478	21,687	-	251,165
Improvements other than buildings	181,103	39,761	-	220,864
Machinery and equipment	<u>944,089</u>	<u>64,408</u>	<u>-</u>	<u>1,008,497</u>
Total accumulated depreciation	<u>1,354,670</u>	<u>125,856</u>	<u>-</u>	<u>1,480,526</u>
Total capital assets, being depreciated, net	<u>1,526,101</u>	<u>(113,049)</u>	<u>-</u>	<u>1,413,052</u>
Business-type activities capital assets, net	<u>\$1,703,691</u>	<u>\$ (113,049)</u>	<u>\$ -</u>	<u>\$1,590,642</u>

Depreciation expense was charged to functions as follows:

Solid Waste	\$ 125,855
-------------	------------

# 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, 2007, were \$19,800. 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, 2007, were \$13,912. 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, 2007, were \$20,736. As extended, the lease expires January 31, 2009.

*Prosecutor's Office* – On June 21, 2007, 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, 2007, were \$58,617. As extended, the lease expires September 30, 2009.

Future minimum annual lease payments at September 30, 2007, are:

<u>Years Ending</u> <u>September 30,</u>	<u>Amount</u>
2007	\$ 75,260
2008	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 \$6,468,263. 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, 2007, are:

<u>Years Ending September 30,</u>	<u>Road and Bridge</u>	<u>Federal Bldg</u>	<u>Total</u>
2008	\$ 222,549	\$ 158,081	\$ 380,630
2009	188,750	158,081	346,831
2010	748,495	158,081	906,576
2011	157,047	158,081	315,128
2012	-	158,081	158,081
2013-2017	-	790,405	790,405
2018-2022	-	790,405	790,405
2023-2028	-	<u>1,578,047</u>	<u>1,578,047</u>
Total minimum lease payments	1,316,841	3,949,262	5,266,103
Less amount representing interest	<u>110,262</u>	<u>1,503,799</u>	<u>1,614,061</u>
Capital lease obligations	<u>\$ 1,206,579</u>	<u>\$ 2,445,463</u>	<u>\$ 3,652,042</u>

**NOTE 8 — LONG-TERM DEBT:**

*Changes in Long-Term Liabilities*

Long-term liability activity for the year ended September 30, 2007, was as follows:

	<u>Balance, October 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, September 30, 2007</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 571,919	\$ 122,479	\$ -	\$ 694,398	\$ 547,842
Leases payable	1,404,776	2,565,138	317,872	3,652,042	380,630
Special assessment bonds	<u>785,000</u>	<u>-</u>	<u>210,000</u>	<u>575,000</u>	<u>220,000</u>
Governmental activities long-term liabilities	<u>\$ 2,761,695</u>	<u>\$ 2,687,617</u>	<u>\$ 527,872</u>	<u>\$ 4,921,440</u>	<u>\$ 1,148,472</u>

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

**Notes to Basic Financial Statements**

**NOTE 8 — LONG-TERM DEBT (continued):**

*Changes in Long-Term Liabilities (continued)*

	Balance, October 1, 2006	Additions	Reductions	Balance, September 30, 2007	Due Within One Year
Business-type activities:					
Compensated absences	\$ 24,241	\$ 2,856	\$ -	\$ 27,097	\$ 20,322
Business-type activities long-term liabilities	\$ 24,241	\$ 2,856	\$ -	\$ 27,097	\$ 20,322
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The annual debt service requirements to amortize the note payable to the bank for redemption of special assessment bonds as of September 30, 2007, are:

Years Ending September 30,	Special Assessment Bonds			
	93-1		96-1	
	Principal	Interest	Principal	Interest
2008	\$ 220,000	\$ 43,225	\$ 10,000	\$ 510
2009	220,000	29,575	-	-
2010	<u>135,000</u>	<u>15,275</u>	<u>-</u>	<u>-</u>
	\$ 575,000	\$ 88,075	\$ 10,000	\$ 510
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

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

---

**Notes to Basic Financial Statements**

---

**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>

**NOTE 10 — FUND TRANSFERS:**

---

Individual fund transfers in and out balances at September 30, 2007, were:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Governmental Services	\$ 2,803	\$ -
Airport	-	117
Fair	-	256
District Court	-	16,756
Health District	-	402
Historical Society	-	43
Indigent	-	744
Junior College	-	214
Revaluation	-	1,953
Tort	-	1,673
Veterans Memorial	44	-

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

---

**Notes to Basic Financial Statements**

---

**NOTE 10 — FUND TRANSFERS (continued):**

---

	<u>Transfers Out</u>	<u>Transfers In</u>
Weeds	\$ 56,754	\$ -
Parks	-	42
Justice	-	61,570
Waterways	85,148	-
Judgments	23,017	-
Grants	<u>-</u>	<u>83,996</u>
	\$ 166,766	\$ 166,766
	<u>                    </u>	<u>                    </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.

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

---

**Notes to Basic Financial Statements**

---

**NOTE 11 — CONTINGENT LIABILITIES AND COMMITMENTS (continued):**

---

*Local Improvement District (continued)*

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

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

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

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

**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.

## **Bonner County, Idaho**

### **Sandpoint, Idaho**

---

#### **Notes to Basic Financial Statements**

---

##### **NOTE 12 — DEFERRED COMPENSATION PLAN (continued):**

---

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

##### **NOTE 13 — DEFINED 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, 2007, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.65% for police. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police members. Bonner County contributions required and paid were \$1,061,675 for the year ended September 30, 2007.

# **Bonner County, Idaho**

## **Sandpoint, Idaho**

---

### **Notes to Basic Financial Statements**

---

#### **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.

The ICRMP 2006-2007 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.

At September 30, 2007, the County had a variety of 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, 2007, were below the limits of the insurance coverage.

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

---

**Notes to Basic Financial Statements**

---

**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, 2007, there were three series of Industrial Revenue Bonds outstanding. The aggregate principal of their original issue amounts total \$6,150,000.

**NOTE 16 — INFRASTRUCTURE CAPITALIZATION:**

---

During the current year Bonner County retroactively reported their major general infrastructure assets in their basic financial statements. As defined by GASB 34, major general infrastructure assets are assets that (a) meet the definition of a major asset (relative to total cost of the infrastructure relative to other capital assets), (b) are associated with and generally arise from governmental activities, and (c) are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. The impact of the implementation is as follows:

Net assets September 30, 2006	\$ 233,085,049
Capital assets, cost	3,359,712
Less: Accumulated depreciation	<u>290,964</u>
Net assets September 30, 2007, as restated	<u><u>\$ 236,153,797</u></u>

**SUPPLEMENTAL INFORMATION**

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

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

**September 30, 2007**

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 6,062,530	\$ 623,231	\$ 188,764	\$ 6,874,525
Restricted cash	-	-	178,024	178,024
Receivables, net of allowance for uncollectibles:				
Taxes	168,189	690	-	168,879
Interest	-	-	-	-
Accounts	142,904	13,525	-	156,429
Due from other governments	280,856	11,585	-	292,441
Prepaid assets	1,005	-	-	1,005
Due from other funds	-	-	-	-
	<u>\$ 6,655,484</u>	<u>\$ 649,031</u>	<u>\$ 366,788</u>	<u>\$ 7,671,303</u>
<b>Liabilities and Fund Balances</b>				
<b>LIABILITIES:</b>				
Warrants payable	\$ 685,662	\$ 571,106	\$ -	\$ 1,256,768
Vouchers payable	28,872	-	-	28,872
Accrued payroll	52,949	-	-	52,949
Accrued retirement payable	14,545	-	-	14,545
Due to other funds	-	-	-	-
Deferred revenue	187,513	673	-	188,186
Compensated absences payable	97,769	-	-	97,769
Total liabilities	<u>1,067,310</u>	<u>571,779</u>	<u>-</u>	<u>1,639,089</u>
<b>FUND BALANCES:</b>				
Fund balances:				
Unreserved	<u>5,588,174</u>	<u>77,252</u>	<u>366,788</u>	<u>6,032,214</u>
Total liabilities and fund balances	<u>\$ 6,655,484</u>	<u>\$ 649,031</u>	<u>\$ 366,788</u>	<u>\$ 7,671,303</u>

See accompanying independent auditors' report.

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

**Combining Balance Sheet —**  
**Nonmajor Special Revenue Funds**

**September 30, 2007**

	<u>Airport</u>	<u>Junior College</u>	<u>Revaluation</u>	<u>Historical Society</u>	<u>District Court</u>	<u>Balance Carried Forward</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 225,692	\$ 774,594	\$ 805,280	\$ 4,873	\$ 966,984	\$ 2,777,423
Receivables, net of allowance for uncollectibles:						
Taxes	2,132	333	50,017	925	32,654	86,061
Accounts	23,441	-	262	-	29,806	53,509
Interest	-	-	-	-	-	-
Due from other governments	270,956	-	-	-	-	270,956
Prepaid assets	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ 522,221	\$ 774,927	\$ 855,559	\$ 5,798	\$ 1,029,444	\$ 3,187,949
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities and Fund Balances</b>						
<b>LIABILITIES:</b>						
Warrants payable	\$ 216,020	\$ 136,957	\$ 55,279	\$ -	\$ 53,392	\$ 461,648
Vouchers payable	26,749	2,000	-	-	-	28,749
Accrued liabilities	-	-	17,656	-	15,135	32,791
Accrued retirement payable	-	-	3,958	-	4,567	8,525
Due to other funds	-	-	-	-	-	-
Deferred revenue	38,448	306	46,823	898	30,573	117,048
Compensated absences payable	-	-	23,355	-	32,181	55,536
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	281,217	139,263	147,071	898	135,848	704,297
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>	<u>241,004</u>	<u>635,664</u>	<u>708,488</u>	<u>4,900</u>	<u>893,596</u>	<u>2,483,652</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ 522,221	\$ 774,927	\$ 855,559	\$ 5,798	\$ 1,029,444	\$ 3,187,949
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

See accompanying independent auditors' report.

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

**Combining Balance Sheet —**  
**Nonmajor Special Revenue Funds (continued)**

**September 30, 2007**

	Balance Brought Forward	Special Highway	County Fair	911	Indigent and Charity	Balance Carried Forward
<b>Assets</b>						
Cash and cash equivalents	\$ 2,777,423	\$ 532,744	\$ 82,859	\$ 815,833	\$ 439,341	\$ 4,648,200
Receivables, net of allowance for uncollectibles:						
Taxes	86,061	-	6,790	7,058	14,445	114,354
Accounts	53,509	-	-	70,215	9,400	133,124
Interest	-	-	-	-	-	-
Due from other governments	270,956	-	-	-	-	270,956
Prepaid assets	-	-	-	(18,000)	-	(18,000)
Due from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,187,949</u>	<u>\$ 532,744</u>	<u>\$ 89,649</u>	<u>\$ 875,106</u>	<u>\$ 463,186</u>	<u>\$ 5,148,634</u>
<b>Liabilities and Fund Balances</b>						
<b>LIABILITIES:</b>						
Warrants payable	\$ 461,648	\$ 1,919	\$ 5,551	\$ 120,663	\$ 22,514	\$ 612,295
Vouchers payable	28,749	-	-	-	-	28,749
Accrued liabilities	32,791	-	3,050	12,535	1,872	50,248
Accrued retirement payable	8,525	-	1,491	3,354	373	13,743
Due to other funds	-	-	-	-	-	-
Deferred revenue	117,048	-	6,374	-	13,536	136,958
Compensated absences payable	55,536	-	12,403	22,221	1,996	92,156
Total liabilities	<u>704,297</u>	<u>1,919</u>	<u>28,869</u>	<u>158,773</u>	<u>40,291</u>	<u>934,149</u>
FUND BALANCES	<u>2,483,652</u>	<u>530,825</u>	<u>60,780</u>	<u>716,333</u>	<u>422,895</u>	<u>4,214,485</u>
Total liabilities and fund balances	<u>\$ 3,187,949</u>	<u>\$ 532,744</u>	<u>\$ 89,649</u>	<u>\$ 875,106</u>	<u>\$ 463,186</u>	<u>\$ 5,148,634</u>

See accompanying independent auditors' report.

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

**Combining Balance Sheet —**  
**Nonmajor Special Revenue Funds (continued)**

**September 30, 2007**

	Balance Brought <u>Forward</u>	<u>Weeds</u>	Veterans <u>Memorial</u>	<u>Judgements</u>	<u>Tort</u>	Balance Carried <u>Forward</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 4,648,200	\$ 78,608	\$ -	\$ -	\$ 591,565	\$ 5,318,373
Receivables, net of allowance for uncollectibles:						
Taxes	114,354	5,477	-	283	34,020	154,134
Accounts	133,124	7,878	-	-	-	141,002
Interest	-	-	-	-	-	-
Due from other governments	270,956	-	-	5	-	270,961
Prepaid assets	(18,000)	-	-	-	-	(18,000)
Due from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,148,634</u>	<u>\$ 91,963</u>	<u>\$ -</u>	<u>\$ 288</u>	<u>\$ 625,585</u>	<u>\$ 5,866,470</u>
<b>Liabilities and Fund Balances</b>						
<b>LIABILITIES:</b>						
Warrants payable	\$ 612,295	\$ 17,886	\$ -	\$ -	\$ 388	\$ 630,569
Vouchers payable	28,749	-	-	-	-	28,749
Accrued liabilities	50,248	1,241	-	-	-	51,489
Accrued retirement payable	13,743	311	-	-	-	14,054
Due to other funds	-	-	-	-	-	-
Deferred revenue	136,958	5,150	-	283	31,891	174,282
Compensated absences payable	92,156	1,982	-	-	-	94,138
Total liabilities	<u>934,149</u>	<u>26,570</u>	<u>-</u>	<u>283</u>	<u>32,279</u>	<u>993,281</u>
<b>FUND BALANCES</b>	<u>4,214,485</u>	<u>65,393</u>	<u>-</u>	<u>5</u>	<u>593,306</u>	<u>4,873,189</u>
Total liabilities and fund balances	<u>\$ 5,148,634</u>	<u>\$ 91,963</u>	<u>\$ -</u>	<u>\$ 288</u>	<u>\$ 625,585</u>	<u>\$ 5,866,470</u>

See accompanying independent auditors' report.

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

**Combining Balance Sheet —**  
**Nonmajor Special Revenue Funds (continued)**

**September 30, 2007**

	Balance Brought Forward	Health District	Snowmobile- Priest Lake	Snowmobile- Sandpoint	Waterways	Balance Carried Forward
<b>Assets</b>						
Cash and cash equivalents	\$ 5,318,373	\$ 66,564	\$ 54,799	\$ 57,258	\$ 104,243	\$ 5,601,237
Receivables, net of allowance for uncollectibles:						
Taxes	154,134	10,248	-	-	-	164,382
Accounts	141,002	-	-	-	-	141,002
Interest	-	-	-	-	-	-
Due from other governments	270,961	-	-	3,000	6,895	280,856
Prepaid assets	(18,000)	-	-	-	-	(18,000)
Due from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,866,470</u>	<u>\$ 76,812</u>	<u>\$ 54,799</u>	<u>\$ 60,258</u>	<u>\$ 111,138</u>	<u>\$ 6,169,477</u>
<b>Liabilities and Fund Balances</b>						
<b>LIABILITIES:</b>						
Warrants payable	\$ 630,569	\$ -	\$ 837	\$ 32	\$ 36,630	\$ 668,068
Vouchers payable	28,749	-	-	-	123	28,872
Accrued liabilities	51,489	-	-	-	-	51,489
Accrued retirement payable	14,054	-	-	-	-	14,054
Due to other funds	-	-	-	-	-	-
Deferred revenue	174,282	9,623	-	-	-	183,905
Compensated absences payable	94,138	-	-	-	-	94,138
Total liabilities	<u>993,281</u>	<u>9,623</u>	<u>837</u>	<u>32</u>	<u>36,753</u>	<u>1,040,526</u>
<b>FUND BALANCES</b>	<u>4,873,189</u>	<u>67,189</u>	<u>53,962</u>	<u>60,226</u>	<u>74,385</u>	<u>5,128,951</u>
Total liabilities and fund balances	<u>\$ 5,866,470</u>	<u>\$ 76,812</u>	<u>\$ 54,799</u>	<u>\$ 60,258</u>	<u>\$ 111,138</u>	<u>\$ 6,169,477</u>

See accompanying independent auditors' report.

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

**Combining Balance Sheet —**  
**Nonmajor Special Revenue Funds (continued)**

**September 30, 2007**

	<u>Balance Brought Forward</u>	<u>Parks and Recreation</u>	<u>Court Facilities</u>	<u>Court Interlock</u>	<u>Drug Court</u>	<u>Total</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 5,601,237	\$ 115,633	\$ 286,815	\$ 23,085	\$ 35,760	\$ 6,062,530
Receivables, net of allowance for uncollectibles:						
Taxes	164,382	3,807	-	-	-	168,189
Accounts	141,002	-	1,310	592	-	142,904
Interest	-	-	-	-	-	-
Due from other governments	280,856	-	-	-	-	280,856
Prepaid assets	(18,000)	19,005	-	-	-	1,005
Due from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 6,169,477</u>	<u>\$ 138,445</u>	<u>\$ 288,125</u>	<u>\$ 23,677</u>	<u>\$ 35,760</u>	<u>\$ 6,655,484</u>
<b>Liabilities and Fund Balances</b>						
<b>LIABILITIES:</b>						
Warrants payable	\$ 668,068	\$ 16,150	\$ -	\$ 400	\$ 1,044	\$ 685,662
Vouchers payable	28,872	-	-	-	-	28,872
Accrued liabilities	51,489	1,460	-	-	-	52,949
Accrued retirement payable	14,054	491	-	-	-	14,545
Due to other funds	-	-	-	-	-	-
Deferred revenue	183,905	3,608	-	-	-	187,513
Compensated absences payable	94,138	3,631	-	-	-	97,769
Total liabilities	<u>1,040,526</u>	<u>25,340</u>	<u>-</u>	<u>400</u>	<u>1,044</u>	<u>1,067,310</u>
<b>FUND BALANCES</b>	<u>5,128,951</u>	<u>113,105</u>	<u>288,125</u>	<u>23,277</u>	<u>34,716</u>	<u>5,588,174</u>
Total liabilities and fund balances	<u>\$ 6,169,477</u>	<u>\$ 138,445</u>	<u>\$ 288,125</u>	<u>\$ 23,677</u>	<u>\$ 35,760</u>	<u>\$ 6,655,484</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total
<b>REVENUES:</b>				
Taxes	\$ 4,145,101	\$ -	\$ -	\$ 4,145,101
Licenses and permits	202,012	-	-	202,012
Intergovernmental	1,879,833	-	-	1,879,833
Charges for services	735,308	-	-	735,308
Fines	276,667	-	-	276,667
Special assessments	-	102	215,429	215,531
Interest income	35,484	-	11,412	46,896
Rental income	-	67,284	-	67,284
Miscellaneous	247,188	-	-	247,188
Total revenues	<u>7,521,593</u>	<u>67,386</u>	<u>226,841</u>	<u>7,815,820</u>
<b>EXPENDITURES:</b>				
Current:				
General government	3,309,859	-	630	3,310,489
Public safety	926,510	-	-	926,510
Highways and streets	578,410	-	-	578,410
Sanitation	129,528	-	-	129,528
Health	258,649	-	-	258,649
Welfare	284,806	-	-	284,806
Education	285,752	-	-	285,752
Culture and recreation	387,669	-	-	387,669
Capital outlay	737,331	3,502,767	-	4,240,098
Debt service:				
Principal	-	10,286	210,000	220,286
Interest and fiscal charges	-	43,814	49,955	93,769
Total expenditures	<u>6,898,514</u>	<u>3,556,867</u>	<u>260,585</u>	<u>10,715,966</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	623,079	(3,489,481)	(33,744)	(2,900,146)
<b>OTHER FINANCING USES:</b>				
Operating transfers out	(142,764)	-	-	(142,764)
Capital lease proceeds	-	2,465,000	-	2,465,000
	<u>(142,764)</u>	<u>2,465,000</u>	<u>-</u>	<u>2,322,236</u>
<b>NET CHANGE IN FUND BALANCE</b>	480,315	(1,024,481)	(33,744)	(577,910)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>5,107,859</u>	<u>1,101,733</u>	<u>400,532</u>	<u>6,610,124</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 5,588,174</u>	<u>\$ 77,252</u>	<u>\$ 366,788</u>	<u>\$ 6,032,214</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	<u>Airport</u>	<u>Junior College</u>	<u>Revaluation</u>	<u>Historical Society</u>	<u>District Court</u>	<u>Balance Carried Forward</u>
<b>REVENUES:</b>						
Taxes	\$ 47,214	\$ 2,655	\$ 1,117,864	\$ 20,599	\$ 745,759	\$ 1,934,091
Licenses and permits	-	-	12,732	-	-	12,732
Intergovernmental	642,044	410,669	87,784	8,330	179,856	1,328,683
Charges for services	18,241	-	-	-	-	18,241
Fines	-	-	-	-	265,485	265,485
Interest income	-	-	-	-	-	-
Miscellaneous	20,241	-	-	-	145,372	165,613
Total revenues	<u>727,740</u>	<u>413,324</u>	<u>1,218,380</u>	<u>28,929</u>	<u>1,336,472</u>	<u>3,724,845</u>
<b>EXPENDITURES:</b>						
Current:						
General government	251,323	-	1,154,443	-	1,204,928	2,610,694
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health	-	-	-	30,741	-	30,741
Welfare	-	-	-	-	-	-
Education	-	285,752	-	-	-	285,752
Culture and recreation	-	-	-	-	-	-
Capital outlay	487,673	-	14,594	-	40,132	542,399
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>738,996</u>	<u>285,752</u>	<u>1,169,037</u>	<u>30,741</u>	<u>1,245,060</u>	<u>3,469,586</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(11,256)	127,572	49,343	(1,812)	91,412	255,259
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (out)	<u>113</u>	<u>214</u>	<u>1,953</u>	<u>43</u>	<u>16,756</u>	<u>19,079</u>
<b>NET CHANGE IN FUND BALANCE</b>	(11,143)	127,786	51,296	(1,769)	108,168	274,338
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>252,147</u>	<u>507,878</u>	<u>657,192</u>	<u>6,669</u>	<u>785,428</u>	<u>2,209,314</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 241,004</u>	<u>\$ 635,664</u>	<u>\$ 708,488</u>	<u>\$ 4,900</u>	<u>\$ 893,596</u>	<u>\$ 2,483,652</u>

See accompanying independent auditors' report.

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

**Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balances —  
Nonmajor Special Revenue Funds (continued) Year Ended September 30, 2007**

	Balance Brought Forward	Special Highway	County Fair	911	Indigent and Charity	Balance Carried Forward
<b>REVENUES:</b>						
Taxes	\$ 1,934,091	\$ -	\$ 156,036	\$ 584,611	\$ 324,829	\$ 2,999,567
Licenses and permits	12,732	-	-	-	-	12,732
Intergovernmental	1,328,683	458,000	7,000	-	60,300	1,853,983
Charges for services	18,241	-	-	691,102	-	709,343
Fines	265,485	-	-	-	-	265,485
Interest income	-	-	-	35,484	-	35,484
Miscellaneous	165,613	-	-	76	44,369	210,058
Total revenues	<u>3,724,845</u>	<u>458,000</u>	<u>163,036</u>	<u>1,311,273</u>	<u>429,498</u>	<u>6,086,652</u>
<b>EXPENDITURES:</b>						
Current:						
General government	2,610,694	-	-	-	-	2,610,694
Public safety	-	-	-	919,790	-	919,790
Highways and streets	-	578,410	-	-	-	578,410
Sanitation	-	-	-	-	-	-
Health	30,741	-	-	-	-	30,741
Welfare	-	-	-	-	284,806	284,806
Education	285,752	-	-	-	-	285,752
Culture and recreation	-	-	167,672	-	-	167,672
Capital outlay	542,399	-	-	165,742	-	708,141
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>3,469,586</u>	<u>578,410</u>	<u>167,672</u>	<u>1,085,532</u>	<u>284,806</u>	<u>5,586,006</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	255,259	(120,410)	(4,636)	225,741	144,692	500,646
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (out)	<u>19,079</u>	<u>-</u>	<u>256</u>	<u>-</u>	<u>744</u>	<u>20,079</u>
<b>NET CHANGE IN FUND BALANCE</b>	274,338	(120,410)	(4,380)	225,741	145,436	520,725
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>2,209,314</u>	<u>651,235</u>	<u>65,160</u>	<u>490,592</u>	<u>277,459</u>	<u>3,693,760</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 2,483,652</u>	<u>\$ 530,825</u>	<u>\$ 60,780</u>	<u>\$ 716,333</u>	<u>\$ 422,895</u>	<u>\$ 4,214,485</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	Balance Brought Forward	Weeds	Veterans Memorial	Judgements	Tort	Balance Carried Forward
<b>REVENUES:</b>						
Taxes	\$ 2,999,567	\$ 119,921	\$ 41	\$ 537	\$ 713,457	\$ 3,833,523
Licenses and permits	12,732	-	-	-	-	12,732
Intergovernmental	1,853,983	14,100	-	-	-	1,868,083
Charges for services	709,343	-	-	-	-	709,343
Fines	265,485	-	-	-	-	265,485
Interest income	35,484	-	-	-	-	35,484
Miscellaneous	210,058	4,083	-	22,485	4,428	241,054
Total revenues	<u>6,086,652</u>	<u>138,104</u>	<u>41</u>	<u>23,022</u>	<u>717,885</u>	<u>6,965,704</u>
<b>EXPENDITURES:</b>						
Current:						
General government	2,610,694	-	-	-	692,999	3,303,693
Public safety	919,790	-	-	-	-	919,790
Highways and streets	578,410	-	-	-	-	578,410
Sanitation	-	129,528	-	-	-	129,528
Health	30,741	-	-	-	-	30,741
Welfare	284,806	-	-	-	-	284,806
Education	285,752	-	-	-	-	285,752
Culture and recreation	167,672	-	-	-	-	167,672
Capital outlay	708,141	22,056	-	-	-	730,197
Debt service:	-	-	-	-	-	-
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>5,586,006</u>	<u>151,584</u>	<u>-</u>	<u>-</u>	<u>692,999</u>	<u>6,430,589</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	500,646	(13,480)	41	23,022	24,886	535,115
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (out)	<u>20,079</u>	<u>(56,754)</u>	<u>(41)</u>	<u>(23,017)</u>	<u>1,673</u>	<u>(58,060)</u>
<b>NET CHANGE IN FUND BALANCE</b>	520,725	(70,234)	-	5	26,559	477,055
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>3,693,760</u>	<u>135,627</u>	<u>-</u>	<u>-</u>	<u>566,747</u>	<u>4,396,134</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$4,214,485</u>	<u>\$ 65,393</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 593,306</u>	<u>\$4,873,189</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	Balance Brought Forward	Health District	Snowmobile- Priest Lake	Snowmobile- Sandpoint	Waterways	Balance Carried Forward
<b>REVENUES:</b>						
Taxes	\$3,833,523	\$ 223,500	\$ -	\$ -	\$ -	\$4,057,023
Licenses and permits	12,732	-	42,531	16,489	130,260	202,012
Intergovernmental	1,868,083	-	5,000	3,000	-	1,876,083
Charges for services	709,343	9,925	-	-	-	719,268
Fines	265,485	-	-	-	-	265,485
Interest income	35,484	-	-	-	-	35,484
Miscellaneous	241,054	-	798	-	255	242,107
Total revenues	<u>6,965,704</u>	<u>233,425</u>	<u>48,329</u>	<u>19,489</u>	<u>130,515</u>	<u>7,397,462</u>
<b>EXPENDITURES:</b>						
Current:						
General government	3,303,693	-	-	-	-	3,303,693
Public safety	919,790	-	-	-	-	919,790
Highways and streets	578,410	-	-	-	-	578,410
Sanitation	129,528	-	-	-	-	129,528
Health	30,741	227,908	-	-	-	258,649
Welfare	284,806	-	-	-	-	284,806
Education	285,752	-	-	-	-	285,752
Culture and recreation	167,672	-	43,704	19,763	69,568	300,707
Capital outlay	730,197	-	-	-	7,134	737,331
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>6,430,589</u>	<u>227,908</u>	<u>43,704</u>	<u>19,763</u>	<u>76,702</u>	<u>6,798,666</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	535,115	5,517	4,625	(274)	53,813	598,796
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (out)	<u>(58,060)</u>	<u>402</u>	<u>-</u>	<u>-</u>	<u>(85,148)</u>	<u>(142,806)</u>
<b>NET CHANGE IN FUND BALANCE</b>	477,055	5,919	4,625	(274)	(31,335)	455,990
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>4,396,134</u>	<u>61,270</u>	<u>49,337</u>	<u>60,500</u>	<u>105,720</u>	<u>4,672,961</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$4,873,189</u>	<u>\$ 67,189</u>	<u>\$ 53,962</u>	<u>\$ 60,226</u>	<u>\$ 74,385</u>	<u>\$5,128,951</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	Balance Brought Forward	Parks and Recreation	Court Facilities	Court Interlock	Drug Court	Total
<b>REVENUES:</b>						
Taxes	\$4,057,023	\$ 88,078	\$ -	\$ -	\$ -	\$4,145,101
Licenses and permits	202,012	-	-	-	-	202,012
Intergovernmental	1,876,083	-	-	-	3,750	1,879,833
Charges for services	719,268	-	16,040	-	-	735,308
Fines	265,485	-	-	6,251	4,931	276,667
Interest income	35,484	-	-	-	-	35,484
Miscellaneous	242,107	5,081	-	-	-	247,188
Total revenues	<u>7,397,462</u>	<u>93,159</u>	<u>16,040</u>	<u>6,251</u>	<u>8,681</u>	<u>7,521,593</u>
<b>EXPENDITURES:</b>						
Current:						
General government	3,303,693	-	-	-	6,166	3,309,859
Public safety	919,790	-	-	6,720	-	926,510
Highways and streets	578,410	-	-	-	-	578,410
Sanitation	129,528	-	-	-	-	129,528
Health	258,649	-	-	-	-	258,649
Welfare	284,806	-	-	-	-	284,806
Education	285,752	-	-	-	-	285,752
Culture and recreation	300,707	86,962	-	-	-	387,669
Capital outlay	737,331	-	-	-	-	737,331
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>6,798,666</u>	<u>86,962</u>	<u>-</u>	<u>6,720</u>	<u>6,166</u>	<u>6,898,514</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	598,796	6,197	16,040	(469)	2,515	623,079
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in (out)	<u>(142,806)</u>	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,764)</u>
<b>NET CHANGE IN FUND BALANCE</b>	455,990	6,239	16,040	(469)	2,515	480,315
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>4,672,961</u>	<u>106,866</u>	<u>272,085</u>	<u>23,746</u>	<u>32,201</u>	<u>5,107,859</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$5,128,951</u>	<u>\$ 113,105</u>	<u>\$ 288,125</u>	<u>\$ 23,277</u>	<u>\$ 34,716</u>	<u>\$5,588,174</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Taxes:				
Current	\$1,696,737	\$1,696,737	\$1,690,173	\$ (6,564)
Penalties and interest	19,528	19,528	23,523	3,995
REA tax	11,477	11,477	14,879	3,402
Total taxes	<u>1,727,742</u>	<u>1,727,742</u>	<u>1,728,575</u>	<u>833</u>
Licenses and permits:				
Motor vehicle licenses	214,177	214,177	232,782	18,605
Trailer house licenses	3,274	3,274	3,484	210
Recreation vehicle licenses	5,716	5,716	6,104	388
Boat licenses	8,384	8,384	9,435	1,051
Pawnbroker licenses	15	15	15	-
Auctioneer licenses	5	5	20	15
Conditional use permit	21,750	21,750	22,363	613
Building licenses and permits	323,057	323,057	238,298	(84,759)
Total licenses and permits	<u>576,378</u>	<u>576,378</u>	<u>512,501</u>	<u>(63,877)</u>
Intergovernmental:				
Inventory phase-out	367,118	367,118	429,492	62,374
Category 58 replacement revenue	24,197	24,197	24,197	-
Liquor allocation	27,500	27,500	70,000	42,500
Revenue sharing	54,666	54,666	52,031	(2,635)
Inheritance tax	358	358	6,453	6,095
Extension office	4,500	4,500	4,500	-
Total intergovernmental	<u>478,339</u>	<u>478,339</u>	<u>586,673</u>	<u>108,334</u>
Charges for services:				
Vehicle inspection fees	11,756	11,756	12,492	736
Recorder's fees	308,324	308,324	316,865	8,541
Planning fees	212,485	212,485	190,423	(22,062)
Treasurer fees	36,111	36,111	35,080	(1,031)
Assessor's fees	10,308	10,308	11,078	770
Title company billings and access fees	14,804	14,804	11,836	(2,968)
Total charges for services	<u>593,788</u>	<u>593,788</u>	<u>577,774</u>	<u>(16,014)</u>
Miscellaneous:				
Sale of County property	-	-	3,000	3,000
Elections	13,840	13,840	-	(13,840)
Refunds and reimbursements	22,447	22,447	19,564	(2,883)
Miscellaneous	36,215	36,215	52,795	16,580
Postage	2,176	2,176	1,660	(516)
Copies	13,986	13,986	18,679	4,693
Total miscellaneous	<u>88,664</u>	<u>88,664</u>	<u>95,698</u>	<u>7,034</u>
Interest:				
Interest income	<u>820,755</u>	<u>820,755</u>	<u>1,366,314</u>	<u>545,559</u>
Total general fund revenues	<u>\$4,285,666</u>	<u>\$4,285,666</u>	<u>\$4,867,535</u>	<u>\$ 581,869</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>(Over)</u> <u>Under</u>
	<u>Original</u>	<u>Final</u>		
Clerk – Auditor:				
General government:				
Salaries	\$ 287,941	\$ 287,941	\$ 268,791	\$ 19,150
Other services and charges	120,256	120,256	69,720	50,536
Capital outlay	5,000	5,000	8,744	(3,744)
Total clerk - auditor	<u>413,197</u>	<u>413,197</u>	<u>347,255</u>	<u>65,942</u>
Treasurer:				
General government:				
Salaries	176,399	176,399	169,634	6,765
Other services and charges	62,290	62,290	39,603	22,687
Capital outlay	-	-	3,998	(3,998)
Total treasurer	<u>238,689</u>	<u>238,689</u>	<u>213,235</u>	<u>25,454</u>
Emergency management:				
Public safety:				
Salaries	72,146	72,146	69,877	2,269
Other services and charges	15,880	15,880	15,802	78
Total emergency management	<u>88,026</u>	<u>88,026</u>	<u>85,679</u>	<u>2,347</u>
Commissioners:				
General government:				
Salaries	216,693	216,693	208,303	8,390
Other services and charges	19,950	19,950	23,780	(3,830)
Capital outlay	4,600	4,600	90	4,510
Total commissioners	<u>241,243</u>	<u>241,243</u>	<u>232,173</u>	<u>9,070</u>
Coroner:				
Public safety:				
Salaries	20,469	20,469	20,059	410
Other services and charges	53,313	53,313	42,861	10,452
Total coroner	<u>73,782</u>	<u>73,782</u>	<u>62,920</u>	<u>10,862</u>
Buildings and grounds:				
General government:				
Salaries	121,056	121,056	114,406	6,650
Other services and charges	42,956	42,956	42,430	526
Capital outlay	-	-	-	-
Total buildings and grounds	<u>164,012</u>	<u>164,012</u>	<u>156,836</u>	<u>7,176</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	Budgeted Amounts		Actual	Variance (Over) Under
	Original	Final		
General:				
General government:				
Salaries	\$ -	\$ -	\$ -	\$ -
Benefits	809,220	809,220	631,955	177,265
Other services and charges	876,694	876,694	829,149	47,545
Capital outlay	-	-	-	-
Total general	<u>1,685,914</u>	<u>1,685,914</u>	<u>1,461,104</u>	<u>224,810</u>
Extension office:				
General government:				
Salaries	79,731	79,731	79,023	708
Other services and charges	31,695	31,695	31,495	200
Capital outlay	-	-	-	-
Total extension office	<u>111,426</u>	<u>111,426</u>	<u>110,518</u>	<u>908</u>
Data processing:				
General government:				
Salaries	45,160	45,160	41,459	3,701
Other services and charges	83,600	89,600	79,247	10,353
Capital outlay	2,000	26,000	18,881	7,119
Total data processing	<u>130,760</u>	<u>160,760</u>	<u>139,587</u>	<u>21,173</u>
Assessor - motor vehicles:				
General government:				
Salaries	237,537	237,537	224,781	12,756
Other services and charges	15,800	15,800	62,426	(46,626)
Capital outlay	1,500	1,500	-	1,500
Total assessor - motor vehicles	<u>254,837</u>	<u>254,837</u>	<u>287,207</u>	<u>(32,370)</u>
Planning:				
General government:				
Salaries	404,334	404,334	398,593	5,741
Other services and charges	139,739	143,739	118,068	25,671
Capital outlay	5,500	5,500	6,857	(1,357)
Total planning	<u>549,573</u>	<u>553,573</u>	<u>523,518</u>	<u>30,055</u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>(Over)</u> <u>Under</u>
	<u>Original</u>	<u>Final</u>		
Information services:				
General government:				
Other services and charges	\$ 152,050	\$ 165,550	\$ 166,335	\$ (785)
Capital outlay	1,350	1,350	-	1,350
Total information services	<u>153,400</u>	<u>166,900</u>	<u>166,335</u>	<u>565</u>
Personnel:				
General government:				
Salaries	111,157	111,157	42,337	68,820
Other services and charges	23,550	23,550	13,073	10,477
Capital outlay	6,500	6,500	-	6,500
Total personnel	<u>141,207</u>	<u>141,207</u>	<u>55,410</u>	<u>85,797</u>
Geographic information systems:				
General government:				
Salaries	78,792	78,792	75,958	2,834
Other services and charges	30,585	30,585	27,852	2,733
Capital outlay	-	-	-	-
Total geographic information systems	<u>109,377</u>	<u>109,377</u>	<u>103,810</u>	<u>5,567</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	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Total development services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund:				
General government	4,344,925	4,368,425	3,758,418	610,007
Public safety	161,808	161,808	148,599	13,209
Capital outlay	<u>26,450</u>	<u>50,450</u>	<u>38,570</u>	<u>11,880</u>
Total general fund	<u>\$ 4,533,183</u>	<u>\$ 4,580,683</u>	<u>\$ 3,945,587</u>	<u>\$ 635,096</u>

See accompanying independent auditors' report.

# Bonner County, Idaho

## Sandpoint, Idaho

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

Year Ended September 30, 2007

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
Justice:				
Taxes:				
Current	\$ 8,195,269	\$ 8,195,269	\$ 8,168,032	\$ (27,237)
Penalties and interest	62,160	62,160	83,908	21,748
REA tax	120,881	120,881	64,546	(56,335)
Total taxes	<u>8,378,310</u>	<u>8,378,310</u>	<u>8,316,486</u>	<u>(61,824)</u>
Licenses and permits:				
Drivers licenses	61,230	61,230	76,743	15,513
Boat licenses	101,681	101,681	130,261	28,580
Beer and liquor licenses	21,368	21,368	21,560	192
Other licenses and permits	11,113	11,113	14,227	3,114
Total licenses and permits	<u>195,392</u>	<u>195,392</u>	<u>242,791</u>	<u>47,399</u>
Intergovernmental:				
State revenue sharing	1,093,315	1,093,315	1,178,058	84,743
Payment in lieu of taxes	116,328	116,328	122,690	6,362
Priest River services	169,000	169,000	-	(169,000)
Clark Fork services	1,500	1,500	-	(1,500)
Dover services	700	700	-	(700)
Kootenai	1,100	1,100	1,200	100
Oldtown services	3,300	3,300	3,600	300
U.S. Forest Service	2,506	2,506	4,070	1,564
Army Corps of Engineers	70,730	70,730	72,985	2,255
Law enforcement contracts	-	-	-	-
FILT-I F&G	6,100	6,100	3,719	(2,381)
Contributions and donations	(2,070)	(2,070)	5,060	7,130
Other law enforcement	212	212	-	(212)
Park Corp of Engineers	4,490	4,490	20,140	15,650
Ambulance District note repay	72,000	72,000	10,711	(61,289)
Total intergovernmental	<u>1,539,211</u>	<u>1,539,211</u>	<u>1,422,233</u>	<u>(116,978)</u>
Charges for services:				
Prisoner board, transport and other fees	536,638	536,638	441,043	(95,595)
Public defender costs	20,925	20,925	30,506	9,581
ITD reinstatement	24,160	24,160	28,680	4,520
Processing and servicing fees	46,322	46,322	54,190	7,868
Fingerprinting and bonding fees	12,552	12,552	14,213	1,661
Work release and inmate labor	47,333	47,333	83,690	36,357
Court surcharge	40,617	40,617	49,399	8,782
Other	1,210	1,210	5,142	3,932
Total charges for services	<u>729,757</u>	<u>729,757</u>	<u>706,863</u>	<u>(22,894)</u>

See accompanying independent auditors' report.

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

**Statement of Revenues - Budget and Actual -  
and Actual - Justice Fund (continued)**

**Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Justice (continued):				
Miscellaneous:				
Reimbursements	\$ 7,662	\$ 7,662	\$ 4,231	\$ (3,431)
Pay phone commissions	53,279	53,279	42,969	(10,310)
Miscellaneous	27,487	27,487	36,124	8,637
Kitchen fund	1,576	1,576	1,722	146
Prisoner reimbursements	11,386	11,386	17,550	6,164
Sheriff's sale proceeds	2	2	1,031	1,029
Total miscellaneous	<u>101,392</u>	<u>101,392</u>	<u>103,627</u>	<u>2,235</u>
Total justice	<u>10,944,062</u>	<u>10,944,062</u>	<u>10,792,000</u>	<u>(152,062)</u>
 Total all justice funds:				
Taxes	8,378,310	8,378,310	8,316,486	(61,824)
Licenses and permits	195,392	195,392	242,791	47,399
Intergovernmental	1,539,211	1,539,211	1,422,233	(116,978)
Charges for services	729,757	729,757	706,863	(22,894)
Miscellaneous	<u>101,392</u>	<u>101,392</u>	<u>103,627</u>	<u>2,235</u>
 Total justice fund	<u><u>\$10,944,062</u></u>	<u><u>\$10,944,062</u></u>	<u><u>\$10,792,000</u></u>	<u><u>\$ (152,062)</u></u>

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Justice:				
Public safety:				
Clerk:				
Salaries	\$ 703,908	\$ 703,908	\$ 590,752	\$ 113,156
Sheriff:				
Salaries	2,221,700	2,221,700	2,226,051	(4,351)
Other services and charges	380,933	395,064	416,317	(21,253)
Debt service:				
Principal	12,000	12,000	15,914	(3,914)
Interest	1,923	1,923	1,923	-
Capital outlay	144,000	144,000	102,053	41,947
Total sheriff	2,760,556	2,774,687	2,762,258	12,429
Prosecuting attorney:				
Salaries	719,259	648,259	677,515	(29,256)
Other services and charges	97,612	172,362	89,691	82,671
Capital outlay	8,083	18,583	72,054	(53,471)
Total prosecuting attorney	824,954	839,204	839,260	(56)
Public defender:				
Salaries	301,146	301,146	297,168	3,978
Other services and charges	140,540	149,790	132,693	17,097
Capital outlay	14,000	14,000	13,405	595
Total public defender	455,686	464,936	443,266	21,670
Juvenile detention:				
Salaries	399,982	399,982	394,120	5,862
Other services and charges	86,633	86,633	66,198	20,435
Capital outlay	1,240	1,240	1,218	22
Total juvenile detention	487,855	487,855	461,536	26,319
General:				
Benefits	2,155,981	2,155,981	1,911,961	244,020
Other services and charges	781,795	882,795	802,927	79,868
Capital outlay	-	-	-	-
Total general	2,937,776	3,038,776	2,714,888	323,888

See accompanying independent auditors' report.

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

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

**Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Justice (continued):				
Public safety (continued):				
Jail:				
Salaries	\$ 1,495,451	\$ 1,448,451	\$ 1,436,660	\$ 11,791
Other services and charges	447,480	494,480	490,220	4,260
Capital outlay	35,000	35,000	34,133	867
Total jail	<u>1,977,931</u>	<u>1,977,931</u>	<u>1,961,013</u>	<u>16,918</u>
Marine patrol:				
Salaries	114,699	114,699	114,648	51
Other services and charges	14,000	14,000	4,933	9,067
Capital outlay	-	-	6,393	(6,393)
Total marine patrol	<u>128,699</u>	<u>128,699</u>	<u>125,974</u>	<u>2,725</u>
Building and grounds:				
Other services and charges	205,956	205,956	19,924	186,032
Capital outlay	-	-	-	-
Total building and grounds	<u>205,956</u>	<u>205,956</u>	<u>19,924</u>	<u>186,032</u>
Five percent statutory reserve:				
Other services and charges	<u>185,596</u>	<u>44,596</u>	<u>-</u>	<u>44,596</u>
Total public safety	10,452,671	10,439,802	9,671,778	768,024
Debt service:				
Principal	12,000	12,000	15,914	(3,914)
Interest	1,923	1,923	1,923	-
Total capital outlay	<u>202,323</u>	<u>212,823</u>	<u>229,256</u>	<u>(16,433)</u>
Total justice	<u>\$10,668,917</u>	<u>\$10,666,548</u>	<u>\$ 9,918,871</u>	<u>\$ 747,677</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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Current	\$ 3,607,096	\$ 3,607,096	\$ 3,600,521	\$ (6,575)
Penalties and interest	86,085	86,085	92,215	6,130
REA tax	25,295	25,295	39,675	14,380
Total taxes	<u>3,718,476</u>	<u>3,718,476</u>	<u>3,732,411</u>	<u>13,935</u>
Intergovernmental:				
Highway user revenue	1,623,319	1,623,319	1,711,730	88,411
Sales tax base and excess	129,482	129,482	140,309	10,827
Category 58 replacement revenue	11,026	11,026	11,026	-
State cost sharing	-	-	-	-
Forest apportionment	824,893	824,893	786,487	(38,406)
Total intergovernmental	<u>2,588,720</u>	<u>2,588,720</u>	<u>2,649,552</u>	<u>60,832</u>
Miscellaneous:				
Miscellaneous	56,815	56,815	83,044	26,229
Refunds and reimbursements	23,796	23,796	12,777	(11,019)
Total miscellaneous	<u>80,611</u>	<u>80,611</u>	<u>95,821</u>	<u>15,210</u>
Total revenues	<u>6,387,807</u>	<u>6,387,807</u>	<u>6,477,784</u>	<u>89,977</u>
Expenditures				
Highways and streets:				
Salaries	1,654,323	1,654,323	1,490,268	164,055
Benefits	679,580	679,580	562,390	117,190
Other services and charges	3,108,433	3,108,433	2,585,913	522,520
Total current	<u>5,442,336</u>	<u>5,442,336</u>	<u>4,638,571</u>	<u>803,765</u>
Debt service:				
Principal	288,326	288,326	275,003	13,323
Interest	-	-	63,901	(63,901)
Total debt service	<u>288,326</u>	<u>288,326</u>	<u>338,904</u>	<u>(50,578)</u>
Capital outlay	<u>1,656,244</u>	<u>2,259,378</u>	<u>1,742,564</u>	<u>516,814</u>
Total expenditures	<u>7,386,906</u>	<u>7,990,040</u>	<u>6,720,039</u>	<u>1,270,001</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(999,099)	(1,602,233)	(242,255)	1,359,978
OTHER FINANCING SOURCES:				
Capital leases	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ (999,099)</u>	<u>\$ (1,602,233)</u>	<u>\$ (242,255)</u>	<u>\$ 1,359,978</u>

See accompanying independent auditors' report.

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

**Statement of Revenues and Expenditures -**  
**Budget and Actual - Ambulance District**

**Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Current	\$ 2,249,729	\$ 2,249,729	\$ 2,422,193	\$ 172,464
Miscellaneous	(105)	(105)	456	8,929
Total revenues	<u>2,249,624</u>	<u>2,249,624</u>	<u>2,422,649</u>	<u>181,393</u>
Expenditures				
Current:				
Salaries	881,570	898,050	885,570	12,480
Benefits	352,730	352,730	322,366	30,364
Other services and charges	913,578	897,098	765,628	131,470
Total current	<u>2,147,878</u>	<u>2,147,878</u>	<u>1,973,564</u>	<u>174,314</u>
Debt service:				
Principal	60,000	60,000	16,669	43,331
Interest	-	-	4,127	(4,127)
Total debt service	<u>60,000</u>	<u>60,000</u>	<u>20,796</u>	<u>39,204</u>
Capital outlay	<u>105,029</u>	<u>105,029</u>	<u>213,423</u>	<u>(108,394)</u>
Total expenditures	<u>2,312,907</u>	<u>2,312,907</u>	<u>2,207,783</u>	<u>105,124</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(63,283)	(63,283)	214,866	76,269
OTHER FINANCING SOURCES:				
Capital leases	-	-	100,138	100,138
NET CHANGE IN FUND BALANCE	<u>\$ (63,283)</u>	<u>\$ (63,283)</u>	<u>\$ 315,004</u>	<u>\$ 176,407</u>

See accompanying independent auditors' report.

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

**Statement of Revenues and Expenditures -**  
**Budget and Actual - Grants**

**Year Ended September 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:				
Grants	\$ 7,628,867	\$ 9,428,867	\$ 2,999,012	\$ (6,429,855)
Expenditures				
Current:				
Salaries	750,000	750,000	113,938	636,062
Benefits	-	27,719	26,228	1,491
Other services and charges	3,250,000	5,022,301	2,999,861	2,022,440
Total current	<u>4,000,000</u>	<u>5,800,020</u>	<u>3,140,027</u>	<u>2,659,993</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,000,000</u>	<u>5,800,020</u>	<u>3,140,027</u>	<u>2,659,993</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,628,867	3,628,847	(141,015)	(9,089,848)
OTHER FINANCING SOURCES:				
Operating transfers in	<u>(81,384)</u>	<u>(81,384)</u>	<u>83,997</u>	<u>83,997</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,547,483</u>	<u>\$ 3,547,463</u>	<u>\$ (57,018)</u>	<u>\$ (9,005,851)</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, 2007**

	Budgeted Amounts			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
<b>REVENUES:</b>				
Charges for services:				
Fees	\$ 2,436,076	\$ 2,436,076	\$ 2,440,212	\$ 4,136
Commercial disposal	1,422,295	1,422,295	3,242,818	1,820,523
Gate	246,810	246,810	247,404	594
Total charges for services	<u>4,105,181</u>	<u>4,105,181</u>	<u>5,930,434</u>	<u>1,825,253</u>
Penalties and interest	18,517	18,517	26,368	26,368
Miscellaneous	-	-	31,018	12,501
Total revenues	<u>4,123,698</u>	<u>4,123,698</u>	<u>5,987,820</u>	<u>1,864,122</u>
<b>EXPENDITURES:</b>				
Salaries	707,292	707,292	579,662	127,630
Benefits	374,377	374,377	298,875	75,502
Other services and charges	3,037,038	3,137,038	2,984,528	152,510
Capital outlay	-	-	-	-
Total expenses	<u>4,118,707</u>	<u>4,218,707</u>	<u>3,863,065</u>	<u>355,642</u>
<b>EXCESS OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>\$ 4,991</u>	<u>\$ (95,009)</u>	<u>\$ 2,124,755</u>	<u>\$ 2,219,764</u>

See accompanying independent auditors' report.