

Bonner County, Idaho Sandpoint, Idaho

Basic Financial Statements and
Independent Auditors' Report

September 30, 2009



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Bonner County, Idaho

Sandpoint, Idaho

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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Bonner County, Idaho
Sandpoint, Idaho

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho (the County) as of and for the year ended September 30, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Justice Fund, Road and Bridge Fund, and Ambulance District 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 January 27, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 4 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise 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.

A handwritten signature in cursive script that reads "LeMaster & Daniels P.C.".

Boise, Idaho
January 27, 2010

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 (the County) for the fiscal year ended September 30, 2009. 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 the 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 the 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 the 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 the County include all of its general operating costs for all functions except its Solid Waste department. The business-type activities of the County include its Solid Waste operations.

The government-wide financial statements contain information relative only to the 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. The 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 the 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 the 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 the County's progress in funding its obligations.

Government-wide Financial Analysis

This is the second audit report in which the County has been able to provide a comparative analysis of the government-wide data presented in compliance with the requirements of Governmental Accounting Standards Board No. 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

Government-wide Financial Analysis (continued)

Table 1 – summarizes the County's net assets for 2009 compared to 2008:

	Bonner County's Net Assets						
	Governmental		Business-type				Percentage
	Activities		Activities		Total		Change
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$ 24,220,222	\$ 23,404,616	\$ 6,970,010	\$ 6,367,030	\$ 31,190,232	\$ 29,771,646	4.8%
Capital assets	161,612,942	183,500,266	1,786,442	1,585,585	163,399,384	185,085,851	-11.7%
Total assets	<u>\$ 185,833,164</u>	<u>\$ 206,904,882</u>	<u>\$ 8,756,452</u>	<u>\$ 7,952,615</u>	<u>\$ 194,589,616</u>	<u>\$ 214,857,497</u>	<u>-9.4%</u>
Long-term liabilities outstanding	\$ 4,609,349	\$ 4,733,375	\$ 32,287	\$ 29,509	\$ 4,641,636	\$ 4,762,884	-2.5%
Other liabilities	6,042,576	3,779,968	313,985	403,822	6,356,561	4,183,790	51.9%
Total liabilities	<u>\$ 10,651,925</u>	<u>\$ 8,513,343</u>	<u>\$ 346,272</u>	<u>\$ 433,331</u>	<u>\$ 10,998,197</u>	<u>\$ 8,946,674</u>	<u>22.9%</u>
Net assets:							
Invested in capital assets, net of							
related debt	\$ 157,637,414	\$ 179,421,774	\$ 1,786,442	\$ 1,585,585	\$ 159,423,856	\$ 181,007,359	-11.9%
Restricted	273,852	310,242	1,998,442	664,977	2,272,294	975,219	133.0%
Unrestricted	17,269,973	18,659,523	4,625,296	5,268,722	21,895,269	23,928,245	-8.5%
Total net assets	<u>\$ 175,181,239</u>	<u>\$ 198,391,539</u>	<u>\$ 8,410,180</u>	<u>\$ 7,519,284</u>	<u>\$ 183,591,419</u>	<u>\$ 205,910,823</u>	<u>-10.8%</u>

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 \$183,591,419 (\$175,181,239 in governmental activities and \$8,410,180 in business-type activities) as of September 30, 2009. By far, the largest portion of the County's net assets (87 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 (1.24 percent) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$21,895,269) 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, the 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

Government-wide Financial Analysis (continued)

Table 2 – shows the changes in net assets for 2009 and 2008:

Bonner County's Changes in Net Assets							
	Governmental Activities		Business-type Activities		Total		Percentage Change 2008-2009
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
Revenues:							
Program revenues:							
Charges for services	\$ 3,381,815	\$ 3,044,076	\$ 2,368,507	\$ 2,561,267	\$ 5,750,322	\$ 5,605,343	2.6%
Operating grants and contributions	809,495	1,973,000	-	-	809,495	1,973,000	-59.0%
Capital grants and contributions	990,615	1,039,478	-	-	990,615	1,039,478	-4.7%
General revenues							
Property taxes	22,504,166	20,799,323	-	-	22,504,166	20,799,323	8.2%
Other taxes	206,722	209,175	2,500,037	2,458,381	2,706,759	2,667,556	1.5%
Intergovernmental	4,838,921	4,888,631	-	-	4,838,921	4,888,631	-1.0%
Other	1,713,799	1,860,453	14,481	(14,214)	1,728,280	1,846,239	-6.4%
Total revenues	<u>34,445,533</u>	<u>33,814,136</u>	<u>4,883,025</u>	<u>5,005,434</u>	<u>39,328,558</u>	<u>38,819,570</u>	<u>1.3%</u>
Expenses:							
General government	8,150,135	7,676,227	-	-	8,150,135	7,676,227	6.2%
Public safety	15,790,459	14,361,988	-	-	15,790,459	14,361,988	9.9%
Highways and streets	30,958,599	28,451,678	-	-	30,958,599	28,451,678	8.8%
Sanitation	145,476	153,056	-	-	145,476	153,056	-5.0%
Health	352,727	338,881	-	-	352,727	338,881	4.1%
Welfare	608,804	477,641	-	-	608,804	477,641	27.5%
Education	289,372	244,038	-	-	289,372	244,038	18.6%
Culture and recreation	1,151,662	1,299,467	-	-	1,151,662	477,641	-11.4%
Interest on long-term debt	208,599	230,879	-	-	208,599	244,038	-9.7%
Solid waste	-	-	3,992,129	4,065,927	3,992,129	1,299,467	-1.8%
Total expenses	<u>57,655,833</u>	<u>53,233,855</u>	<u>3,992,129</u>	<u>4,065,927</u>	<u>61,647,962</u>	<u>230,879</u>	<u>7.6%</u>
						4,065,927	
Change in net assets	<u>\$ (23,210,300)</u>	<u>\$ (19,419,719)</u>	<u>\$ 890,896</u>	<u>\$ 939,507</u>	<u>\$ (22,319,404)</u>	<u>57,299,782</u>	<u>20.8%</u>

Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$3,381,815 of total governmental revenues. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

The County's grant revenues from federal and state sources made up \$1,800,110 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 \$22,504,166 of the \$34,445,533 total revenues for governmental activities.

Highways and Streets accounted for \$30,958,599 of the \$57,655,833 total expenses for governmental activities. The next largest program was Public Safety, accounting for \$15,790,459 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, 2009 and 2008						
	Total Cost of Services		Percentage change 2008-2009	Net Cost of Services		Percentage change 2008-2009
	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>	
General government	\$ 8,150,135	\$ 7,676,227	6.2%	\$ 5,803,420	\$ 5,515,525	5.2%
Public safety	15,790,459	14,361,988	9.9%	14,238,579	12,873,926	10.6%
Highways and streets	30,958,599	28,451,678	8.8%	30,234,655	27,666,780	9.3%
Sanitation	145,476	153,056	-5.0%	145,476	153,056	-5.0%
Health	352,727	338,881	4.1%	352,727	338,631	4.2%
Welfare	608,804	477,641	27.5%	608,804	477,641	27.5%
Education	289,372	244,038	18.6%	275,756	235,254	17.2%
Culture and recreation	1,151,662	1,299,467	-11.4%	605,892	(314,391)	-292.7%
Interest on long-term debt	208,599	230,879	-9.7%	208,599	230,879	-9.7%
Total	<u>\$ 57,655,833</u>	<u>\$ 53,233,855</u>	<u>8.3%</u>	<u>\$ 52,473,908</u>	<u>\$ 47,177,301</u>	<u>11.2%</u>

Charges for services of \$2,303,140 are received and used to fund the general government expenses of the County. The remaining \$50,170,768 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 \$890,896 during 2009 and the major revenue sources were charges for services of \$2,368,507.

Overall Financial Position

Governmental Funds: The major funds include our General (current expense), Road and Bridge, Justice Fund, and the Ambulance District. The General, Justice, and Road and Bridge increased their overall fund balance from prior years. The remaining major fund, the Ambulance District, saw a decrease 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 2009 the charges exceeded the expenses by \$890,896.

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

Capital assets are all tangible and intangible assets—such as land, buildings, improvements to land or buildings, machinery, equipment, and infrastructure—that are used in operations and that have initial useful lives extending beyond a single reporting period.

The total net capital assets decreased by \$21,686,467. This amount represents book value of assets less accumulated depreciation. The decrease in capital assets was mainly due to the depreciation provision of \$24,891,319. Capital assets additions amounted to \$3,234,703 and capital asset deletions amounted to \$29,851 for the fiscal year.

Long-Term Debt

Long-term liabilities are the debt incurred by the County. The debt typically has a maturity date that extends beyond a single reporting cycle. Additional information on long-term debt can be found in notes 7 and 8 in the basic financial statements. Long-term liabilities had a net decrease of \$124,026.

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, 2009, there were no funds for which expenditures exceeded appropriations.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

Economic and Other Factors Affecting Next Year's Operations

Local Economy:

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

Bonner County is a rural county rather than an urban one. The following table shows the areas of growth in Bonner County for the past 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.

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Management's Discussion and Analysis

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

County Operations:

- Panhandle Area Council (PAC) has purchased the former Federal Building in Sandpoint. The 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. The planning department and the Assessor's operations have moved into the 2nd floor of the building. Upon completion of that project, work was undertaken on the annex building and the Prosecuting Attorney's office moved into it in February 2008. This freed up the rent money we had been paying to the City of Sandpoint. During the 2007-2008 fiscal year, remodeling was undertaken on the 3rd floor. That was completed and some offices moved into the new suites in October of 2008. In the spring of 2009 the Treasurer's Office as well as the Clerk's auditing, recording, elections, indigent and veterans service operations completed the move to the 3rd floor. In early 2010 the Forest Service will vacate the 1st floor of this building and remodeling will commence to move more of our outlying offices under the same roof. Relocating these additional offices will again free up money currently being used as rental payments on properties we do not own.
- Panhandle Area Council (PAC) will purchase the building now housing the Calvary Chapel located adjacent to the Bonner County Administrative Office Building. They will lease this building to the County providing much needed storage and expansion capabilities. To facilitate this, the County is making an upfront lease payment of \$265,000 to PAC with the balance of \$310,000 to be paid, at the Board's pleasure, annually for the next ten years.
- The 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. In 2008, the same Board recognized the economic downturn beginning to affect our employees and wage increases were kept to a minimum of a 2% COLA. This down turn in the economy has continued and during the 2009 fiscal year, employees saw no increase in wages. It remains to be seen whether or not funding will be available for this purpose in 2010.
- In addition to frozen wages, our employees also voted to help fund the increase in health insurance premiums so that their benefit package would not decrease. Employees voted to voluntarily increase their portion of the premium by an additional \$41 per month to a total of \$66 per month.
- In August of 2009, Bonner County approached the voters of our community for permission to raise their taxes to replace the Juvenile Justice Facility. This measure was soundly defeated as folks were concerned with the economic downturn and the unknown effect it might have on them. Design plans are being scaled back and this matter may again be presented to the voters in 2010.

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Management's Discussion and Analysis

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

County Operations (continued):

- During the past few years the County experienced a phenomenal growth rate. This had a major impact on our infrastructure, new housing starts, 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.
- The County is continuing to experience major ramifications from the economic downturn affecting the whole Country.
 - Home sales came to a standstill and foreclosures increased dramatically. Currently, almost 50% of the home sales taking place in our County are from foreclosures.
 - The property tax collections used to fund some of our operations saw an increase in the delinquency rate from our normal 6% to more than 7.5%.
 - Income from other sources was also down dramatically. We experienced a significant decrease in our planning office operations and in our recording operations. Because of this, three positions in those offices were not filled during the fiscal year that ended September 30, 2009. It remains to be seen if revenues and activity in these two areas will allow those positions to be filled during the 2010 fiscal year.
 - Reductions in retail sales throughout the State had a major impact on our financial condition. Our Sales Tax revenue came in far below the anticipated shortfalls.
- All of these factors contributed to Bonner County making significant use of its reserves to see us through the end of the fiscal year.

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
1500 Highway 2, Suite 336
Sandpoint, Idaho 83864

Bonner County, Idaho

Sandpoint, Idaho

Statement of Net Assets

September 30, 2009

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS:			
Cash and investments	\$ 21,881,696	\$ 4,623,644	\$ 26,505,340
Receivables, net of allowance for uncollectibles:			
Taxes	1,965,082	-	1,965,082
Fees	-	3,161	3,161
Interest	19,578	-	19,578
Accounts	281,397	344,763	626,160
Other current assets	247	-	247
Due from other governments	72,222	-	72,222
Restricted assets:			
Cash	-	1,997,778	1,997,778
Cash on deposit with fiscal agent	-	664	664
Capital assets:			
Land	3,755,530	247,721	4,003,251
Other capital assets, net of depreciation	157,857,412	1,538,721	159,396,133
Total assets	185,833,164	8,756,452	194,589,616
LIABILITIES:			
Warrants payable	3,857,677	287,681	4,145,358
Vouchers payable	143,412	-	143,412
Accrued payroll	479,989	21,147	501,136
Accrued retirement payable	74,331	5,157	79,488
Accrued interest payable	35,023	-	35,023
Due to other governments	18,000	-	18,000
Deferred revenue	1,434,144	-	1,434,144
Long-term liabilities:			
Due within one year:			
Compensated absences	513,115	32,287	545,402
Special assessment bonds payable	135,000	-	135,000
Leases payable	843,764	-	843,764
Due in more than one year:			
Compensated absences	120,706	-	120,706
Leases payable	2,996,764	-	2,996,764
Total liabilities	10,651,925	346,272	10,998,197
NET ASSETS:			
Invested in capital assets, net of related debt	157,637,414	1,786,442	159,423,856
Restricted for:			
Debt retirement	273,852	664	274,516
Capital improvements	-	1,997,778	1,997,778
Unrestricted	17,269,973	4,625,296	21,895,269
Total net assets	\$175,181,239	\$ 8,410,180	\$183,591,419

See accompanying notes to basic financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Activities

Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 8,150,135	\$ 2,303,140	\$ 43,575	\$ -	\$ (5,803,420)	\$ -	\$ (5,803,420)
Public safety	15,790,459	1,078,675	400,336	72,869	(14,238,579)	-	(14,238,579)
Highways and streets	30,958,599	-	-	723,944	(30,234,655)	-	(30,234,655)
Sanitation	145,476	-	-	-	(145,476)	-	(145,476)
Health	352,727	-	-	-	(352,727)	-	(352,727)
Welfare	608,804	-	-	-	(608,804)	-	(608,804)
Education	289,372	-	13,616	-	(275,756)	-	(275,756)
Culture and recreation	1,151,662	-	351,968	193,802	(605,892)	-	(605,892)
Interest on long-term debt	208,599	-	-	-	(208,599)	-	(208,599)
Total governmental activities	<u>57,655,833</u>	<u>3,381,815</u>	<u>809,495</u>	<u>990,615</u>	<u>(52,473,908)</u>	<u>-</u>	<u>(52,473,908)</u>
Business-type activities:							
Solid waste	3,992,129	2,368,507	-	-	-	(1,623,622)	(1,623,622)
Total business-type activities	<u>3,992,129</u>	<u>2,368,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,623,622)</u>	<u>(1,623,622)</u>
Total primary government	<u>\$ 61,647,962</u>	<u>\$ 5,750,322</u>	<u>\$ 809,495</u>	<u>\$ 990,615</u>	<u>(52,473,908)</u>	<u>(1,623,622)</u>	<u>(54,097,530)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					22,504,166	-	22,504,166
Special assessments					206,722	2,500,037	2,706,759
Intergovernmental revenues					4,838,921	-	4,838,921
Miscellaneous					1,255,490	26,481	1,281,971
Interest and investment earnings					446,309	-	446,309
Transfers					12,000	(12,000)	-
Total general revenues and special items					<u>29,263,608</u>	<u>2,514,518</u>	<u>31,778,126</u>
Change in net assets					(23,210,300)	890,896	(22,319,404)
Net assets, beginning					<u>198,391,539</u>	<u>7,519,284</u>	<u>205,910,823</u>
Net assets, ending					<u>\$ 175,181,239</u>	<u>\$ 8,410,180</u>	<u>\$ 183,591,419</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Combined Balance Sheet - Governmental Funds

September 30, 2009

	<u>General</u>	<u>Justice</u>	<u>Road and Bridge</u>	<u>Ambulance District</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Assets						
Cash and investments	\$ 2,700,300	\$ 5,565,006	\$ 5,844,748	\$ 931,300	\$ 6,840,342	\$ 21,881,696
Receivables, net of allowance for uncollectibles:						
Taxes	190,083	741,915	354,983	-	323,101	1,610,082
Accounts	66,594	33,501	6,476	53,328	121,498	281,397
Interest	19,502	-	-	-	76	19,578
Due from other funds	-	976,392	-	-	-	976,392
Due from other governments	-	11,348	-	-	60,874	72,222
Other assets	247	-	-	-	-	247
	<u>247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>247</u>
 Total assets	 \$ 2,976,726	 \$ 7,328,162	 \$ 6,206,207	 \$ 984,628	 \$ 7,345,891	 \$ 24,841,614
	<u><u>2,976,726</u></u>	<u><u>7,328,162</u></u>	<u><u>6,206,207</u></u>	<u><u>984,628</u></u>	<u><u>7,345,891</u></u>	<u><u>24,841,614</u></u>
Liabilities and Fund Balances						
LIABILITIES:						
Warrants payable	\$ 200,157	\$ 425,146	\$ 2,499,554	\$ 146,520	\$ 586,300	\$ 3,857,677
Vouchers payable	299	4,215	100,484	-	38,414	143,412
Accrued payroll	60,214	214,103	60,133	33,224	112,315	479,989
Accrued retirement payable	10,646	43,728	13,894	6,063	-	74,331
Due to other funds	-	-	-	976,392	-	976,392
Due from other governments	-	-	-	-	18,000	18,000
Deferred revenue	166,152	649,288	308,871	-	309,833	1,434,144
Compensated absences payable	50,083	238,964	83,820	29,594	110,654	513,115
Total liabilities	<u>487,551</u>	<u>1,575,444</u>	<u>3,066,756</u>	<u>1,191,793</u>	<u>1,175,516</u>	<u>7,497,060</u>
FUND BALANCES:						
Unreserved, reported in:						
General fund	2,489,175	-	-	-	-	2,489,175
Special revenue fund	-	5,752,718	3,139,451	(207,165)	5,523,728	14,208,732
Capital project fund	-	-	-	-	372,795	372,795
Debt service fund	-	-	-	-	273,852	273,852
Total fund balances (deficit)	<u>2,489,175</u>	<u>5,752,718</u>	<u>3,139,451</u>	<u>(207,165)</u>	<u>6,170,375</u>	<u>17,344,554</u>
 Total liabilities and fund balances	 \$ 2,976,726	 \$ 7,328,162	 \$ 6,206,207	 \$ 984,628	 \$ 7,345,891	 \$ 24,841,614
	<u><u>2,976,726</u></u>	<u><u>7,328,162</u></u>	<u><u>6,206,207</u></u>	<u><u>984,628</u></u>	<u><u>7,345,891</u></u>	<u><u>24,841,614</u></u>

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, 2009

Total fund balances as shown on the governmental funds balance sheet		\$ 17,344,554
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, 2009.		161,612,942
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes		355,000
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	\$ (3,840,528)	
Special assessment bonds payable	(135,000)	
Compensated absences	(120,706)	
Accrued interest payable	(35,023)	
		<u>(4,131,257)</u>
Total net assets as shown on the statement of net assets		<u>\$175,181,239</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, 2009

	<u>General</u>	<u>Justice</u>	<u>Road and Bridge</u>	<u>Ambulance District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>REVENUES:</i>						
Taxes	\$ 2,353,548	\$ 9,039,772	\$ 4,047,330	\$ 2,604,903	\$ 4,466,014	\$ 22,511,567
Licenses and permits	503,203	279,262	-	-	233,122	1,015,587
Intergovernmental	508,820	1,419,340	2,332,695	-	2,378,176	6,639,031
Charges for services	361,523	799,413	-	-	926,269	2,087,205
Fines	-	-	-	-	279,023	279,023
Special assessments	-	-	-	-	206,722	206,722
Interest income	445,920	-	-	-	389	446,309
Rental income	-	-	-	-	139,013	139,013
Miscellaneous	59,765	196,681	512,147	114	347,770	1,116,477
Total revenues	<u>4,232,779</u>	<u>11,734,468</u>	<u>6,892,172</u>	<u>2,605,017</u>	<u>8,976,498</u>	<u>34,440,934</u>
<i>EXPENDITURES:</i>						
Current:						
General government	3,994,754	-	-	-	3,797,123	7,791,877
Public safety	211,207	11,019,136	-	2,271,671	1,914,185	15,416,199
Highways and streets	-	-	6,319,063	-	449,827	6,768,890
Sanitation	-	-	-	-	148,039	148,039
Health	-	-	-	-	257,033	257,033
Welfare	-	-	-	-	608,804	608,804
Education	-	-	-	-	249,049	249,049
Culture and recreation	-	-	-	-	1,117,507	1,117,507
Capital outlay	35,771	355,805	817,221	160,821	1,515,386	2,885,004
Debt service:						
Principal	39,280	-	156,608	21,852	220,000	437,740
Interest and fiscal charges	118,780	-	57,696	2,590	23,182	202,248
Total expenditures	<u>4,399,792</u>	<u>11,374,941</u>	<u>7,350,588</u>	<u>2,456,934</u>	<u>10,300,135</u>	<u>35,882,390</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	(167,013)	359,527	(458,416)	148,083	(1,323,637)	(1,441,456)
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating transfers in (out)	<u>(859,864)</u>	<u>56,904</u>	<u>-</u>	<u>31,462</u>	<u>783,498</u>	<u>12,000</u>
<i>NET CHANGE IN FUND BALANCE</i>	(1,026,877)	416,431	(458,416)	179,545	(540,139)	(1,429,456)
<i>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</i>	<u>3,516,052</u>	<u>5,336,287</u>	<u>3,597,867</u>	<u>(386,710)</u>	<u>6,710,514</u>	<u>18,774,010</u>
<i>FUND BALANCES (DEFICIT), END OF YEAR</i>	<u>\$ 2,489,175</u>	<u>\$ 5,752,718</u>	<u>\$ 3,139,451</u>	<u>\$ (207,165)</u>	<u>\$ 6,170,375</u>	<u>\$ 17,344,554</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, 2009

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

Net change in fund balances - total governmental funds \$ (1,429,456)

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	\$ 2,885,004	
Depreciation expense	<u>(24,750,477)</u>	(21,865,473)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (7,401)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-in, and donations) is to decrease net assets. (356,627)

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:

Principal payments	437,740
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Accrued interest for long-term debt. This is the net change in accrued interest for the current period. (6,351)

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.

17,268

Change in net assets, as reflected on the statement of activities	<u><u>\$ (23,210,300)</u></u>
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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, 2009

	Budgeted Amounts			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
<i>REVENUES:</i>				
Taxes	\$ 16,889	\$ 16,889	\$ 2,353,548	\$ 2,336,659
Licenses and permits	700,050	700,050	503,203	(196,847)
Intergovernmental	578,697	578,697	508,820	(69,877)
Charges for services	392,132	392,132	361,523	(30,609)
Interest income	604,100	604,100	445,920	(158,180)
Miscellaneous	24,535	24,535	59,765	35,230
Total revenues	<u>2,316,403</u>	<u>2,316,403</u>	<u>4,232,779</u>	<u>1,916,376</u>
<i>EXPENDITURES:</i>				
Current:				
General government	4,458,788	4,523,888	3,994,754	529,134
Public safety	221,429	234,429	211,207	23,222
Capital outlay	64,100	64,100	35,771	28,329
Debt service:				
Principal	86,220	86,220	39,280	46,940
Interest and fiscal charges	118,780	118,780	118,780	-
Total expenditures	<u>4,949,317</u>	<u>5,027,417</u>	<u>4,399,792</u>	<u>627,625</u>
<i>EXCESS OF EXPENDITURES OVER REVENUES</i>	(2,632,914)	(2,711,014)	(167,013)	2,544,001
<i>OTHER FINANCING USES:</i>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(859,864)</u>	<u>(859,864)</u>
<i>NET CHANGE IN FUND BALANCE</i>	(2,632,914)	(2,711,014)	(1,026,877)	1,684,137
<i>FUND BALANCES, BEGINNING OF YEAR</i>	<u>3,516,052</u>	<u>3,516,052</u>	<u>3,516,052</u>	<u>-</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 883,138</u>	<u>\$ 805,038</u>	<u>\$ 2,489,175</u>	<u>\$ 1,684,137</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, 2009

	Budgeted Amounts			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>REVENUES:</i>				
Taxes	\$ 98,442	\$ 98,442	\$ 9,039,772	\$ 8,941,330
Licenses and permits	218,100	218,100	279,262	61,162
Intergovernmental	1,599,036	1,599,036	1,419,340	(179,696)
Charges for services	518,000	518,000	799,413	281,413
Miscellaneous	131,800	131,800	196,681	64,881
Total revenues	<u>2,565,378</u>	<u>2,565,378</u>	<u>11,734,468</u>	<u>9,169,090</u>
<i>EXPENDITURES:</i>				
Current:				
Public safety	11,179,628	11,574,516	11,019,136	555,380
Capital outlay	<u>312,354</u>	<u>322,354</u>	<u>355,805</u>	<u>(33,451)</u>
Total expenditures	<u>11,491,982</u>	<u>11,896,870</u>	<u>11,374,941</u>	<u>521,929</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	(8,926,604)	(9,331,492)	359,527	9,691,019
<i>OTHER FINANCING USES:</i>				
Operating transfers in (out)	<u>(162,743)</u>	<u>(162,743)</u>	<u>56,904</u>	<u>219,647</u>
<i>NET CHANGE IN FUND BALANCE</i>	(9,089,347)	(9,494,235)	416,431	9,910,666
<i>FUND BALANCES, BEGINNING OF YEAR</i>	<u>5,336,287</u>	<u>5,336,287</u>	<u>5,336,287</u>	<u>-</u>
<i>FUND BALANCES (DEFICIT), END OF YEAR</i>	<u><u>\$ (3,753,060)</u></u>	<u><u>\$ (4,157,948)</u></u>	<u><u>\$ 5,752,718</u></u>	<u><u>\$ 9,910,666</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 - Road and Bridge Fund**

Year Ended September 30, 2009

	Budgeted Amounts			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>REVENUES:</i>				
Taxes	\$ 57,308	\$ 57,308	\$ 4,047,330	\$ 3,990,022
Intergovernmental	1,893,432	1,893,432	2,332,695	439,263
Miscellaneous	44,000	44,000	512,147	468,147
Total revenues	<u>1,994,740</u>	<u>1,994,740</u>	<u>6,892,172</u>	<u>4,897,432</u>
<i>EXPENDITURES:</i>				
Current:				
Highways and streets	6,429,015	6,429,015	6,319,063	109,952
Capital outlay	814,570	1,253,311	817,221	436,090
Debt service:				
Principal	230,630	230,630	156,608	74,022
Interest and fiscal charges	57,696	57,696	57,696	-
Total expenditures	<u>7,531,911</u>	<u>7,970,652</u>	<u>7,350,588</u>	<u>620,064</u>
<i>EXCESS OF EXPENDITURES OVER REVENUES</i>	(5,537,171)	(5,975,912)	(458,416)	5,517,496
<i>OTHER FINANCING SOURCES:</i>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>NET CHANGE IN FUND BALANCE</i>	(5,537,171)	(5,975,912)	(458,416)	5,517,496
<i>FUND BALANCES, BEGINNING OF YEAR</i>	<u>3,597,867</u>	<u>3,597,867</u>	<u>3,597,867</u>	<u>-</u>
<i>FUND BALANCES (DEFICIT), END OF YEAR</i>	<u><u>\$ (1,939,304)</u></u>	<u><u>\$ (2,378,045)</u></u>	<u><u>\$ 3,139,451</u></u>	<u><u>\$ 5,517,496</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, 2009

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>REVENUES:</i>				
Taxes	\$ 2,557,059	\$ 2,557,059	\$ 2,604,903	\$ 47,844
Miscellaneous	-	-	114	114
Total revenues	<u>2,557,059</u>	<u>2,557,059</u>	<u>2,605,017</u>	<u>47,958</u>
<i>EXPENDITURES:</i>				
Current:				
Public safety	2,368,099	2,468,099	2,271,671	196,428
Capital outlay	240,960	140,960	160,821	(19,861)
Debt service:				
Principal	35,410	35,410	21,852	13,558
Interest and fiscal charges	<u>2,590</u>	<u>2,590</u>	<u>2,590</u>	-
Total expenditures	<u>2,647,059</u>	<u>2,647,059</u>	<u>2,456,934</u>	<u>190,125</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	(90,000)	(90,000)	148,083	238,083
<i>OTHER FINANCING SOURCES:</i>				
Operating transfers in	<u>-</u>	<u>-</u>	<u>31,462</u>	<u>31,462</u>
<i>NET CHANGE IN FUND BALANCE</i>	(90,000)	(90,000)	179,545	269,545
<i>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</i>	<u>(386,710)</u>	<u>(386,710)</u>	<u>(386,710)</u>	-
<i>FUND BALANCES (DEFICIT), END OF YEAR</i>	<u>\$ (476,710)</u>	<u>\$ (476,710)</u>	<u>\$ (207,165)</u>	<u>\$ 269,545</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Net Assets - Proprietary Funds

September 30, 2009

Business-type Activities
Enterprise Funds
Solid Waste

Assets

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,623,644
Receivables, net of allowance for uncollectibles:	
Fees	3,161
Accounts	344,763
Total current assets	<u>4,971,568</u>

NONCURRENT ASSETS:

Restricted assets:	
Cash	\$ 1,997,778
Cash on deposit with fiscal agent	664
Fixed assets, net of depreciation	<u>1,786,442</u>
Total noncurrent assets	<u>3,784,884</u>
 Total assets	 <u>\$ 8,756,452</u>

Liabilities and Net Assets

LIABILITIES:

Warrants payable	\$ 287,681
Accrued payroll	21,147
Accrued retirement payable	5,157
Compensated absences payable	32,287
Total liabilities	<u>346,272</u>

NET ASSETS:

Invested in capital assets, net of related debt	\$ 1,786,442
Reserved for:	
Debt retirement	664
Capital improvements	1,997,778
Unrestricted	<u>4,625,296</u>
	<u>8,410,180</u>
 Total liabilities and net assets	 <u>\$ 8,756,452</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, 2009

	Business-type Activities Enterprise Funds <u>Solid Waste</u>
<i>OPERATING REVENUES:</i>	
Charges for services	\$ 4,868,544
<i>OPERATING EXPENSES:</i>	
Salaries	\$ 602,658
Benefits	321,018
Other services and charges	2,919,611
Depreciation	<u>148,842</u>
Total operating expenses	<u>3,992,129</u>
<i>OPERATING INCOME</i>	876,415
<i>NONOPERATING REVENUES:</i>	
Penalties and interest	26,481
<i>TRANSFERS OUT</i>	<u>(12,000)</u>
<i>CHANGE IN NET ASSETS</i>	890,896
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>7,519,284</u>
<i>NET ASSETS, END OF YEAR</i>	<u>\$ 8,410,180</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Cash Flows - Proprietary Funds

Business-type Activities
Enterprise Funds
Solid Waste

Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 4,878,967
Cash payments to suppliers for goods and services	(3,331,012)
Cash payments to employees for services	(599,334)
Net cash provided by operating activities	<u>948,621</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Miscellaneous receipts	\$ 26,481
Cash paid to Bonner County	<u>(12,000)</u>
Net cash provided by noncapital financing activities	14,481

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

Acquisition of fixed assets	<u>(349,699)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 613,403

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 6,008,683

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 6,622,086

CASH AND CASH EQUIVALENTS:

Cash	\$ 4,623,644
Restricted assets:	
Cash	1,997,778
Cash on deposit with fiscal agent	<u>664</u>
	<u><u>\$ 6,622,086</u></u>

See accompanying notes to basic financial statements.

Business-type Activities
Enterprise Funds
Solid Waste

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

Operating income		\$ 876,415
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 148,842	
Changes in assets and liabilities:		
Decrease (increase) in receivables:		
Fees	(421)	
Accounts	10,844	
Decrease in warrants payable	(93,261)	
Increase in accrued payroll	2,878	
Increase in retirement payable	546	
Increase in compensated absences payable	<u>2,778</u>	
Total adjustments		<u>72,206</u>
Net cash provided by operating activities		<u><u>\$ 948,621</u></u>

Bonner County, Idaho
Sandpoint, Idaho

Statement of Fiduciary Net Assets - Fiduciary Funds

September 30, 2009

	<u>Fiduciary Fund Types</u>		
	Employee 457		Totals
	Deferred	Agency	(Memorandum
	Compensation	Funds	Only)
	<u>Trust Fund</u>	<u>Funds</u>	<u>Only)</u>
<i>Assets</i>			
Cash and cash equivalents	\$ 539,462	\$ 1,053,375	\$ 1,592,837
Receivable, net of allowance for uncollectibles:			
Taxes	<u>-</u>	<u>2,066,973</u>	<u>2,066,973</u>
Total assets	<u>\$ 539,462</u>	<u>\$ 3,120,348</u>	<u>\$ 3,659,810</u>
<i>Liabilities and Net Assets</i>			
<i>LIABILITIES:</i>			
Warrants payable	\$ -	\$ 559,328	\$ 559,328
Accounts payable	-	508,984	508,984
Due to other taxing districts	<u>-</u>	<u>2,052,036</u>	<u>2,052,036</u>
Total liabilities	-	3,120,348	3,120,348
<i>NET ASSETS:</i>			
Investments held in trust for participants	<u>539,462</u>	<u>-</u>	<u>539,462</u>
	<u>\$ 539,462</u>	<u>\$ 3,120,348</u>	<u>\$ 3,659,810</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, 2009

	Employee 457 Deferred Compensation <u>Trust Fund</u>
<i>ADDITIONS:</i>	
Trust receipts	\$ 100,265
<i>DEDUCTIONS:</i>	
Trust turnovers	<u>80,034</u>
<i>CHANGE IN NET ASSETS</i>	20,231
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>519,231</u>
<i>NET ASSETS, END OF YEAR</i>	<u><u>\$ 539,462</u></u>

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.

Summary of Significant Accounting Policies:

The County's significant accounting policies are described below:

Reporting Entity – The County operates under a commissioner form of government, with supervision of various departments by elected officials as provided by the State Constitution. The County provides the following services: public safety (police), highways and streets, sanitation, health and social services, welfare, culture and recreation, public improvements, planning and zoning, and general administrative services.

For financial reporting purposes, management has considered all potential component units which are controlled or whose boards are appointed by the Board of County Commissioners. Control by the County was determined on the basis of budget adoption, the selection of management, the ability to significantly influence operations, accountability for fiscal matters, and other factors. Based on this criteria, there was one component unit included in the County's report, which is reported within the special revenue funds and is reported as a major fund.

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

Measurement Focus and Basis of Presentation – The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting and Research Bulletins that were issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989, are not allowed in preparation of the accompanying financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

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

Summary of Significant Accounting Policies (continued):

Government-wide 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.

Government-wide financial statements are presented using the economic resources measurement focus and accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB No. 33.

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. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

Program revenues include charges for services and payments made by parties outside the reporting County's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

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 Financial Statements – The underlying accounting system of the County is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

These statements provide information about the County's funds. The emphasis of fund financial statements is on major governmental funds. Each major fund is displayed in a separate column. All of the remaining funds are aggregated and reported in a single column as other governmental funds (if applicable).

- a) **Governmental Funds** – In the fund financial statement, governmental funds are presented using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The County uses an availability period of 60 days.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent the net current 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):

Fund Financial Statements (continued) –

Recognition of governmental fund-type revenue represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund-type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources. 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.

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 Financial Statements (continued) –

- 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 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 a 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.

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.

- 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 operations 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):

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, 2009, as determined by quoted market prices, except for the certificates of deposit which are nonparticipating contracts, and are therefore carried at cost. The individual fund's 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 Idaho 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 equivalents. 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, 2009.

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 and 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 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 No. 34 for the infrastructure acquired prior to October 1, 2003. The County is allowed a four-year period in which to capitalize the infrastructure assets and can prospectively account for the infrastructure over the next four years. All newly acquired infrastructure with the implementation of GASB No. 34 is reported in the year acquired.

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) –

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

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

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

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

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

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

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

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

At September 30, 2009, total compensated absences payable by the County was \$666,108. Of this amount, \$633,821 arises from governmental activity operations and \$32,287 is attributable to business activity operations.

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):

Long-Term Obligations – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type of statement of net assets. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

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

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

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

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

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

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

Summary of Significant Accounting Policies (continued):

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

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

Total Columns on Statement of Fiduciary Net Assets – Total columns are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with GAAP. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregate of this data.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

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 “capital assets used in governmental activities are not financial resources and therefore not reported in the funds.” The details of this \$161,612,942 difference are as follows:

Gross capital assets	\$481,943,369
Accumulated depreciation	<u>(320,330,427)</u>
Net adjustment to increase total governmental funds to arrive at net assets – governmental funds	<u>\$161,612,942</u>

Another 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 \$355,000 difference are as follows:

Unavailable deferred revenue	<u>\$ 355,000</u>
Net adjustment to increase total governmental funds to arrive at net assets – governmental funds	<u>\$ 355,000</u>

Another element of that reconciliation explains that “long-term liabilities that are not due and payable in the current period are not reported in the funds.” The details of this (\$4,131,257) difference are as follows:

Accrued interest payable	\$ (35,023)
Capital leases payable	(3,840,528)
Special assessment bonds payable	(135,000)
Compensated absences	<u>(120,706)</u>
Net adjustments to reduce – total governmental funds to arrive at net assets – governmental activities	<u>\$ (4,131,257)</u>

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 those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(21,865,473) difference are as follows:

Capital outlay	\$ 2,885,004
Depreciation expense	<u>(24,750,477)</u>
Net adjustment to decrease the net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	 \$ (21,865,473) <u><u> </u></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 \$437,740 difference are as follows:

Principal repayments:	
Capital lease	\$ 217,740
Special assessment debt	<u>220,000</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	 \$ 437,740 <u><u> </u></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, 2009.

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

Deficit Fund Equity

At September 30, 2009, the Ambulance District had a deficit fund balance of \$207,165. 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 2009 was \$2,557,059 for fiscal year 2009 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 12-year period.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS:

The elected State Treasurer, following Idaho Code, is authorized to sponsor an investment pool that the County voluntarily participates in. The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (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 is vested in the bank. The bank repurchases the undivided, fractional interest from the County on the next banking day.

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

Concentration of Credit Risk – The County's investment policy currently does not limit the balance of investments with a single issuer, however, one issuer holds more than 50% of the County's total portfolio at September 30, 2009. As of September 30, 2009, the following issuers hold more than 5% of the County's total portfolio: Panhandle State Bank – 31% and US Bank – 58%.

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 the County in accordance with policy.

At September 30, 2009, the market value of the repurchase agreements through Panhandle State Bank was \$2,414,585. 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 \$2,414,585.

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, 2009, substantially all of the County's bank balance of deposits was exposed to custodial credit risk. The County has \$5,753,962 in certificates of deposit carried at market value. The County has invested in Money Market Security in the amount of \$227,147 which is AAA rated and in the direct name of the County. The repurchase agreements are direct obligations of or guaranteed by the United States, its agencies, or instrumentalities. They have a current market value equal to or greater than the principal amount of the transaction. The County's investment policy requires working with primary or regional dealers for the purchase of its authorized securities. Investments are made with banks designated by the State Treasurer as a state depository.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS (continued):

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Under 30 Days</u>	<u>31-180 Days</u>	<u>181-365 Days</u>	<u>1 to 4 Years</u>	<u>Market Value</u>	<u>Cost</u>
Panhandle State Bank							
Repurchase Agreement	N/A	\$ 2,414,585	\$ -	\$ -	\$ -	\$ 2,414,585	\$ 2,414,585
State of Idaho Local Government							
Investment Pool	N/A	<u>15,011,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,011,327</u>	<u>15,011,327</u>
Total investments		<u>\$ 17,425,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,425,912</u>	<u>\$ 17,425,912</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, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets:				
Infrastructure	\$ 455,367,785	\$ 43,856	\$ -	\$ 455,411,641
Buildings	6,356,598	1,248,914	-	7,605,512
Machinery and equipment	17,363,833	1,592,234	(29,851)	18,926,216
Less accumulated depreciation	<u>(295,587,950)</u>	<u>(24,750,477)</u>	<u>8,000</u>	<u>(320,330,427)</u>
 Governmental activities capital assets, net	 \$ 183,500,266	 \$(21,865,473)	 \$ (21,851)	 \$ 161,612,942
	<hr/>	<hr/>	<hr/>	<hr/>
 Depreciation expense was charged to functions as follows:				
General governmental services				\$ 372,699
Highways and streets				23,846,050
Culture and recreation				21,803
Public safety				414,231
Health				<u>95,694</u>
 Governmental activities depreciation expense				 \$ 24,750,477
				<hr/>

Bonner County, Idaho
Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 6 — CAPITAL ASSETS (continued):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 177,590	\$ 70,131	\$ -	\$ 247,721
Total capital assets, not being depreciated	<u>177,590</u>	<u>70,131</u>	<u>-</u>	<u>247,721</u>
Capital assets, being depreciated:				
Buildings	867,479	-	-	867,479
Improvements other than buildings	809,430	9,000	-	818,430
Machinery and equipment	<u>1,338,932</u>	<u>270,568</u>	<u>-</u>	<u>1,609,500</u>
Total capital assets, being depreciated	<u>3,015,841</u>	<u>279,568</u>	<u>-</u>	<u>3,295,409</u>
Less accumulated depreciation for:				
Buildings	(272,852)	(21,687)	-	(294,539)
Improvements other than buildings	(262,284)	(42,320)	-	(304,604)
Machinery and equipment	<u>(1,072,710)</u>	<u>(84,835)</u>	<u>-</u>	<u>(1,157,545)</u>
Total accumulated depreciation	<u>(1,607,846)</u>	<u>(148,842)</u>	<u>-</u>	<u>(1,756,688)</u>
Total capital assets, being depreciated, net	<u>1,407,995</u>	<u>130,726</u>	<u>-</u>	<u>1,538,721</u>
Business-type activities capital assets, net	\$ 1,585,585	\$ 200,857	\$ -	\$ 1,786,442
	=====	=====	=====	=====

Depreciation expense was charged to functions as follows:

Solid Waste	\$ 148,842
	=====

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, 2009, were \$20,820. The County is on a month-to-month lease until the offices are moved to the new Administrative Building.

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, 2009, were \$7,090. The lease expired 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, 2009, were \$10,500. The County is on a month-to-month lease until the offices are moved to the new Administrative Building.

Capital Leases

The County 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 original cost of the leased assets was \$4,649,950. The leases are collateralized by the assets.

Future minimum annual lease payments at September 30, 2009, are:

<u>Years Ending September 30,</u>	<u>Road and Bridge</u>	<u>Federal Building</u>	<u>Total</u>
2010	\$ 864,872	\$ 158,061	\$ 1,022,933
2011	278,581	158,061	436,642
2012	115,367	158,061	273,428
2013	259,325	158,061	417,386
2014	69,363	158,061	227,424
2015-2019	-	790,305	790,305
2020-2022	-	<u>2,092,050</u>	<u>2,092,050</u>
Total minimum lease payments	1,587,508	3,672,660	5,260,168
Less amount representing interest	<u>(125,348)</u>	<u>(1,294,292)</u>	<u>(1,419,640)</u>
Capital lease obligations	<u>\$ 1,462,160</u>	<u>\$ 2,378,368</u>	<u>\$ 3,840,528</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 8 — LONG-TERM DEBT:

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2009, was as follows:

	Balance, October 1, 2008	Additions	Reductions	Balance, September 30, 2009	Due Within One Year
Governmental activities:					
Compensated absences	\$ 654,883	\$ -	\$ (21,062)	\$ 633,821	\$ 513,115
Leases payable	3,723,492	334,776	(217,740)	3,840,528	843,764
Special assessment bonds	<u>355,000</u>	<u>-</u>	<u>(220,000)</u>	<u>135,000</u>	<u>135,000</u>
Governmental activities long-term liabilities	\$ 4,733,375	\$ 334,776	\$ (458,802)	\$ 4,609,349	\$ 1,491,879
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Business-type activities:					
Compensated absences	<u>\$ 29,509</u>	<u>\$ 2,778</u>	<u>\$ -</u>	<u>\$ 32,287</u>	<u>\$ -</u>
Business-type activities long-term liabilities	<u>\$ 29,509</u>	<u>\$ 2,778</u>	<u>\$ -</u>	<u>\$ 32,287</u>	<u>\$ -</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The annual debt service requirement to amortize the note payable to the bank for redemption of special assessment bonds as of September 30, 2009, is:

Year Ending September 30,	93-1	
	Principal	Interest
2010	\$ 135,000	\$ 15,275
	<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>1,997,778</u>
Total restricted net assets	<u>\$ 1,998,442</u>

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

Debt retirement	\$ 664
Capital improvements	<u>1,997,778</u>
Total restricted net assets	<u>\$ 1,998,442</u>

NOTE 10 — FUND TRANSFERS:

Individual fund transfers in and out balances at September 30, 2009, were:

	Transfers <u>Out</u>	Transfers <u>In</u>
General Governmental Services	\$ 859,864	\$ -
Justice		56,904
Ambulance District	-	31,462
Airport	-	1
Grants	-	28,100
Junior College	-	1
Revaluation	-	9
District Court	1,994	-
County Fair	-	1
911	-	38,538
Indigent and Charity	-	4
Weeds	83,949	-
Veterans Memorial	14	-
Judgments	112	-
Tort	-	8
Health District	-	12,002
Waterways	-	60,903
Capital Projects	-	730,000
Solid Waste	<u>12,000</u>	<u>-</u>
	<u>\$ 957,933</u>	<u>\$957,933</u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 11 – CONTINGENT LIABILITIES AND COMMITMENTS:

Grants

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

Lawsuits

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

Local Improvement District

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

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

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.

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 September 30, 2009, 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. The County's contributions required and paid were \$1,456,040 for the year ended September 30, 2009.

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.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 14 – RISK MANAGEMENT (continued):

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 2008-2009 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, 2009, 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, 2009, were below the limits of the insurance coverage.

NOTE 15 – CONDUIT DEBT OBLIGATIONS:

During the fiscal year ended September 30, 2001, the County issued Industrial Revenue Bonds to provide financial assistance to a private sector entity for the acquisition and construction of an industrial development facility deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private sector entity served by the bond issuance. Neither the county, state, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Governmental Funds

September 30, 2009

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 6,183,683	\$ 382,807	\$ 87,053	\$ 6,653,543
Restricted cash	-	-	186,799	186,799
Receivables, net of allowance for uncollectibles:				
Taxes	322,417	684	-	323,101
Accounts	121,498	-	-	121,498
Interest	76	-	-	76
Due from other governments	60,874	-	-	60,874
	<u>60,874</u>	<u>-</u>	<u>-</u>	<u>60,874</u>
Total assets	\$ 6,688,548	\$ 383,491	\$ 273,852	\$ 7,345,891
	<u><u>6,688,548</u></u>	<u><u>383,491</u></u>	<u><u>273,852</u></u>	<u><u>7,345,891</u></u>
<i>Liabilities and Fund Balances</i>				
<i>LIABILITIES:</i>				
Warrants payable	\$ 576,275	\$ 10,025	\$ -	\$ 586,300
Vouchers payable	38,414	-	-	38,414
Accrued payroll	112,315	-	-	112,315
Due to other governments	18,000	-	-	18,000
Deferred revenue	309,162	671	-	309,833
Compensated absences payable	110,654	-	-	110,654
Total liabilities	1,164,820	10,696	-	1,175,516
	<u>1,164,820</u>	<u>10,696</u>	<u>-</u>	<u>1,175,516</u>
<i>FUND BALANCES:</i>				
Unreserved	5,523,728	372,795	273,852	6,170,375
	<u>5,523,728</u>	<u>372,795</u>	<u>273,852</u>	<u>6,170,375</u>
Total liabilities and fund balances	\$ 6,688,548	\$ 383,491	\$ 273,852	\$ 7,345,891
	<u><u>6,688,548</u></u>	<u><u>383,491</u></u>	<u><u>273,852</u></u>	<u><u>7,345,891</u></u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Combining Balance Sheet - Nonmajor Special Revenue Funds

September 30, 2009

	<u>Airport</u>	<u>Grants</u>	<u>Junior College</u>	<u>Revaluation</u>	<u>Historical Society</u>	<u>District Court</u>
Assets						
Cash and cash equivalents	\$ 335,432	\$ 176,800	\$ 605,794	\$ 633,469	\$ 2,953	\$ 1,162,110
Receivables, net of allowance for uncollectibles:						
Taxes	4,650	-	92	100,342	1,738	73,206
Accounts	1,574	288	-	219	-	30,126
Interest	-	60	-	-	-	-
Due from other governments	12,290	19,369	-	-	-	2,260
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 353,946	\$ 196,517	\$ 605,886	\$ 734,030	\$ 4,691	\$ 1,267,702
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances						
<i>LIABILITIES:</i>						
Warrants payable	\$ 8,472	\$ 86,224	\$ 112,951	\$ 30,761	\$ -	\$ 60,783
Vouchers payable	-	30,408	-	3,891	-	484
Accrued liabilities	-	-	-	37,073	-	34,703
Due to other governments	-	-	-	-	-	-
Deferred revenue	29,736	-	79	87,910	1,548	63,942
Compensated absences payable	-	-	-	36,408	-	36,787
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	38,208	116,632	113,030	196,043	1,548	196,699
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>FUND BALANCES</i>	315,738	79,885	492,856	537,987	3,143	1,071,003
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 353,946	\$ 196,517	\$ 605,886	\$ 734,030	\$ 4,691	\$ 1,267,702
	<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, 2009

	<u>Special Highway</u>	<u>County Fair</u>	<u>911</u>	<u>Indigent and Charity</u>	<u>Weeds</u>	<u>Veterans Memorial</u>
Assets						
Cash and cash equivalents	\$ 620,004	\$ 44,028	\$ 762,583	\$ 221,115	\$ 97,558	\$ -
Receivables, net of allowance for uncollectibles:						
Taxes	-	13,409	-	30,377	12,514	-
Accounts	-	-	76,117	-	8,875	-
Interest	-	-	16	-	-	-
Due from other governments	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 620,004	\$ 57,437	\$ 838,716	\$ 251,492	\$ 118,947	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances						
LIABILITIES:						
Warrants payable	\$ 115,304	\$ 3,226	\$ 52,622	\$ 64,055	\$ 18,384	\$ -
Vouchers payable	-	-	117	3,500	-	-
Accrued liabilities	-	5,628	27,353	2,605	2,680	-
Due to other governments	-	-	18,000	-	-	-
Deferred revenue	-	12,785	-	26,618	11,001	-
Compensated absences payable	-	11,957	18,561	2,605	3,095	-
Total liabilities	<u>115,304</u>	<u>33,596</u>	<u>116,653</u>	<u>99,383</u>	<u>35,160</u>	<u>-</u>
FUND BALANCES	<u>504,700</u>	<u>23,841</u>	<u>722,063</u>	<u>152,109</u>	<u>83,787</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 620,004	\$ 57,437	\$ 838,716	\$ 251,492	\$ 118,947	\$ -
	<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, 2009

	<u>Judgements</u>	<u>Tort</u>	<u>Health District</u>	<u>Snowmobile- Priest Lake</u>	<u>Snowmobile- Sandpoint</u>	<u>Waterways</u>
Assets						
Cash and cash equivalents	\$ -	\$ 555,492	\$ 56,646	\$ 59,870	\$ 68,754	\$ 252,823
Receivables, net of allowance for uncollectibles:						
Taxes	6	58,713	18,843	-	-	-
Accounts	-	1,740	-	-	-	-
Interest	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	7,950
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,950</u>
Total assets	\$ 6	\$ 615,945	\$ 75,489	\$ 59,870	\$ 68,754	\$ 260,773
	<u><u>6</u></u>	<u><u>615,945</u></u>	<u><u>75,489</u></u>	<u><u>59,870</u></u>	<u><u>68,754</u></u>	<u><u>260,773</u></u>
Liabilities and Fund Balances						
LIABILITIES:						
Warrants payable	\$ -	\$ 3,150	\$ -	\$ -	\$ 39	\$ 15,074
Vouchers payable	-	-	-	-	-	14
Accrued liabilities	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Deferred revenue	6	51,478	16,552	-	-	-
Compensated absences payable	-	-	-	-	-	-
Total liabilities	<u>6</u>	<u>54,628</u>	<u>16,552</u>	<u>-</u>	<u>39</u>	<u>15,088</u>
FUND BALANCES	<u>-</u>	<u>561,317</u>	<u>58,937</u>	<u>59,870</u>	<u>68,715</u>	<u>245,685</u>
Total liabilities and fund balances	\$ 6	\$ 615,945	\$ 75,489	\$ 59,870	\$ 68,754	\$ 260,773
	<u><u>6</u></u>	<u><u>615,945</u></u>	<u><u>75,489</u></u>	<u><u>59,870</u></u>	<u><u>68,754</u></u>	<u><u>260,773</u></u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Special Revenue Funds (Continued)

September 30, 2009

	<u>Parks and Recreation</u>	<u>Court Facilities</u>	<u>Court Interlock</u>	<u>Drug Court</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 149,267	\$ 322,715	\$ 22,639	\$ 33,631	\$ 6,183,683
Receivables, net of allowance for uncollectibles:					
Taxes	8,527	-	-	-	322,417
Accounts	-	1,290	537	732	121,498
Interest	-	-	-	-	76
Due from other governments	19,005	-	-	-	60,874
Total assets	\$ 176,799	\$ 324,005	\$ 23,176	\$ 34,363	\$ 6,688,548
Liabilities and Fund Balances					
LIABILITIES:					
Warrants payable	\$ 4,026	\$ -	\$ 246	\$ 958	\$ 576,275
Vouchers payable	-	-	-	-	38,414
Accrued liabilities	2,273	-	-	-	112,315
Due to other governments	-	-	-	-	18,000
Deferred revenue	7,507	-	-	-	309,162
Compensated absences payable	1,241	-	-	-	110,654
Total liabilities	15,047	-	246	958	1,164,820
FUND BALANCES	161,752	324,005	22,930	33,405	5,523,728
Total liabilities and fund balances	\$ 176,799	\$ 324,005	\$ 23,176	\$ 34,363	\$ 6,688,548

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, 2009

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total
<i>REVENUES:</i>				
Taxes	\$ 4,466,014	\$ -	\$ -	\$ 4,466,014
Licenses and permits	233,122	-	-	233,122
Intergovernmental	2,378,176	-	-	2,378,176
Charges for services	926,269	-	-	926,269
Fines	279,023	-	-	279,023
Special assessments	-	-	206,722	206,722
Interest income	319	-	70	389
Rental income	-	139,013	-	139,013
Miscellaneous	347,770	-	-	347,770
Total revenues	<u>8,630,693</u>	<u>139,013</u>	<u>206,792</u>	<u>8,976,498</u>
<i>EXPENDITURES:</i>				
Current:				
General government	3,797,123	-	-	3,797,123
Public safety	1,914,185	-	-	1,914,185
Highways and streets	449,827	-	-	449,827
Sanitation	148,039	-	-	148,039
Health	257,033	-	-	257,033
Welfare	608,804	-	-	608,804
Education	249,049	-	-	249,049
Culture and recreation	1,117,507	-	-	1,117,507
Capital outlay	147,823	1,367,563	-	1,515,386
Debt service:				
Principal	-	-	220,000	220,000
Interest and fiscal charges	-	-	23,182	23,182
Total expenditures	<u>8,689,390</u>	<u>1,367,563</u>	<u>243,182</u>	<u>10,300,135</u>
<i>EXCESS OF EXPENDITURES OVER REVENUES</i>	(58,697)	(1,228,550)	(36,390)	(1,323,637)
<i>OTHER FINANCING SOURCES:</i>				
Operating transfers in	<u>53,498</u>	<u>730,000</u>	<u>-</u>	<u>783,498</u>
<i>NET CHANGE IN FUND BALANCE</i>	(5,199)	(498,550)	(36,390)	(540,139)
<i>FUND BALANCES, BEGINNING OF YEAR</i>	<u>5,528,927</u>	<u>871,345</u>	<u>310,242</u>	<u>6,710,514</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 5,523,728</u>	<u>\$ 372,795</u>	<u>\$ 273,852</u>	<u>\$ 6,170,375</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, 2009

	<u>Airport</u>	<u>Grants</u>	<u>Junior College</u>	<u>Revaluation</u>	<u>Historical Society</u>	<u>District Court</u>
<i>REVENUES:</i>						
Taxes	\$ 48,522	\$ -	\$ 807	\$ 1,219,792	\$ 20,486	\$ 893,976
Licenses and permits	-	-	-	4,318	-	-
Intergovernmental	126,522	1,048,066	537,107	59,866	(269)	154,898
Charges for services	-	-	-	-	-	-
Fines	-	-	-	-	-	262,516
Interest income	-	-	-	-	-	-
Miscellaneous	53,327	-	-	-	-	213,211
Total revenues	<u>228,371</u>	<u>1,048,066</u>	<u>537,914</u>	<u>1,283,976</u>	<u>20,217</u>	<u>1,524,601</u>
<i>EXPENDITURES:</i>						
Current:						
General government	207,478	251,361	-	1,248,519	-	1,354,477
Public safety	-	618,845	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health	-	-	-	-	22,000	-
Welfare	-	-	-	-	-	-
Education	-	-	249,049	-	-	-
Culture and recreation	-	682,798	-	-	-	-
Capital outlay	-	303	-	-	-	13,216
Total expenditures	<u>207,478</u>	<u>1,553,307</u>	<u>249,049</u>	<u>1,248,519</u>	<u>22,000</u>	<u>1,367,693</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	20,893	(505,241)	288,865	35,457	(1,783)	156,908
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating transfers in (out)	<u>1</u>	<u>28,100</u>	<u>1</u>	<u>9</u>	<u>-</u>	<u>(1,994)</u>
<i>NET CHANGE IN FUND BALANCE</i>	20,894	(477,141)	288,866	35,466	(1,783)	154,914
<i>FUND BALANCES, BEGINNING OF YEAR</i>	<u>294,844</u>	<u>557,026</u>	<u>203,990</u>	<u>502,521</u>	<u>4,926</u>	<u>916,089</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 315,738</u>	<u>\$ 79,885</u>	<u>\$ 492,856</u>	<u>\$ 537,987</u>	<u>\$ 3,143</u>	<u>\$ 1,071,003</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, 2009

	Special <u>Highway</u>	County <u>Fair</u>	<u>911</u>	Indigent and <u>Charity</u>	<u>Weeds</u>	Veterans <u>Memorial</u>
<i>REVENUES:</i>						
Taxes	\$ -	\$ 157,527	\$ 585,956	\$ 367,646	\$ 150,815	\$ 14
Licenses and permits	-	-	-	-	-	-
Intergovernmental	450,000	-	-	-	(2,014)	-
Charges for services	-	-	908,449	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	319	-	-	-
Miscellaneous	-	-	190	58,225	4,395	-
Total revenues	<u>450,000</u>	<u>157,527</u>	<u>1,494,914</u>	<u>425,871</u>	<u>153,196</u>	<u>14</u>
<i>EXPENDITURES:</i>						
Current:						
General government	(960)	-	-	-	-	-
Public safety	-	-	1,289,254	-	-	-
Highways and streets	449,827	-	-	-	-	-
Sanitation	-	-	-	-	148,039	-
Health	-	-	-	-	-	-
Welfare	-	-	-	608,804	-	-
Education	-	-	-	-	-	-
Culture and recreation	-	169,793	-	-	-	-
Capital outlay	-	-	88,437	-	-	-
Total expenditures	<u>448,867</u>	<u>169,793</u>	<u>1,377,691</u>	<u>608,804</u>	<u>148,039</u>	<u>-</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	1,133	(12,266)	117,223	(182,933)	5,157	14
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating transfers in (out)	<u>-</u>	<u>1</u>	<u>38,538</u>	<u>4</u>	<u>(83,949)</u>	<u>(14)</u>
<i>NET CHANGE IN FUND BALANCE</i>	1,133	(12,265)	155,761	(182,929)	(78,792)	-
<i>FUND BALANCES, BEGINNING OF YEAR</i>	<u>503,567</u>	<u>36,106</u>	<u>566,302</u>	<u>335,038</u>	<u>162,579</u>	<u>-</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 504,700</u>	<u>\$ 23,841</u>	<u>\$ 722,063</u>	<u>\$ 152,109</u>	<u>\$ 83,787</u>	<u>\$ -</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, 2009

	<u>Judgements</u>	<u>Tort</u>	<u>Health District</u>	<u>Snowmobile- Priest Lake</u>	<u>Snowmobile- Sandpoint</u>	<u>Waterways</u>
<i>REVENUES:</i>						
Taxes	\$ 93	\$ 694,635	\$ 223,618	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	40,785	20,950	167,069
Intergovernmental	-	-	-	-	3,000	-
Charges for services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>93</u>	<u>694,635</u>	<u>223,618</u>	<u>40,785</u>	<u>23,950</u>	<u>167,069</u>
<i>EXPENDITURES:</i>						
Current:						
General government	-	729,961	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health	-	-	235,033	-	-	-
Welfare	-	-	-	-	-	-
Education	-	-	-	-	-	-
Culture and recreation	-	-	-	60,864	22,013	96,745
Capital outlay	-	-	-	-	-	10,449
Total expenditures	<u>-</u>	<u>729,961</u>	<u>235,033</u>	<u>60,864</u>	<u>22,013</u>	<u>107,194</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	93	(35,326)	(11,415)	(20,079)	1,937	59,875
<i>OTHER FINANCING SOURCES (USES):</i>						
Operating transfers in (out)	<u>(112)</u>	<u>8</u>	<u>12,002</u>	<u>-</u>	<u>-</u>	<u>60,903</u>
<i>NET CHANGE IN FUND BALANCE</i>	(19)	(35,318)	587	(20,079)	1,937	120,778
<i>FUND BALANCES, BEGINNING OF YEAR</i>	<u>19</u>	<u>596,635</u>	<u>58,350</u>	<u>79,949</u>	<u>66,778</u>	<u>124,907</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ -</u>	<u>\$ 561,317</u>	<u>\$ 58,937</u>	<u>\$ 59,870</u>	<u>\$ 68,715</u>	<u>\$ 245,685</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, 2009

	<u>Parks and Recreation</u>	<u>Court Facilities</u>	<u>Court Interlock</u>	<u>Drug Court</u>	<u>Total</u>
<i>REVENUES:</i>					
Taxes	\$ 102,127	\$ -	\$ -	\$ -	\$ 4,466,014
Licenses and permits	-	-	-	-	233,122
Intergovernmental	-	-	-	1,000	2,378,176
Charges for services	-	17,820	-	-	926,269
Fines	-	-	6,661	9,846	279,023
Interest income	-	-	-	-	319
Miscellaneous	18,422	-	-	-	347,770
Total revenues	<u>120,549</u>	<u>17,820</u>	<u>6,661</u>	<u>10,846</u>	<u>8,630,693</u>
<i>EXPENDITURES:</i>					
Current:					
General government	-	-	-	6,287	3,797,123
Public safety	-	-	6,086	-	1,914,185
Highways and streets	-	-	-	-	449,827
Sanitation	-	-	-	-	148,039
Health	-	-	-	-	257,033
Welfare	-	-	-	-	608,804
Education	-	-	-	-	249,049
Culture and recreation	85,294	-	-	-	1,117,507
Capital outlay	35,418	-	-	-	147,823
Total expenditures	<u>120,712</u>	<u>-</u>	<u>6,086</u>	<u>6,287</u>	<u>8,689,390</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	(163)	17,820	575	4,559	(58,697)
<i>OTHER FINANCING SOURCES (USES):</i>					
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,498</u>
<i>NET CHANGE IN FUND BALANCE</i>	(163)	17,820	575	4,559	(5,199)
<i>FUND BALANCES, BEGINNING OF YEAR</i>					
	<u>161,915</u>	<u>306,185</u>	<u>22,355</u>	<u>28,846</u>	<u>5,528,927</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 161,752</u>	<u>\$ 324,005</u>	<u>\$ 22,930</u>	<u>\$ 33,405</u>	<u>\$ 5,523,728</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Revenues - Budget and Actual -
General Fund

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current	\$ -	\$ -	\$ 2,326,451	\$ 2,326,451
Penalties and interest	-	-	10,210	10,210
REA tax	16,889	16,889	16,887	(2)
Total taxes	<u>16,889</u>	<u>16,889</u>	<u>2,353,548</u>	<u>2,336,659</u>
Licenses and permits:				
Motor vehicle licenses	302,200	302,200	282,042	(20,158)
Trailer house licenses	3,500	3,500	3,502	2
Recreation vehicle licenses	6,100	6,100	5,950	(150)
Boat licenses	9,600	9,600	13,157	3,557
Pawnbroker licenses	-	-	45	45
Conditional use permit	27,600	27,600	7,811	(19,789)
Building licenses and permits	351,050	351,050	190,696	(160,354)
Total licenses and permits	<u>700,050</u>	<u>700,050</u>	<u>503,203</u>	<u>(196,847)</u>
Intergovernmental:				
Inventory phase-out	502,000	502,000	439,272	(62,728)
Category 58 replacement revenue	24,197	24,197	24,197	-
Liquor allocation	52,000	52,000	44,851	(7,149)
Extension office	500	500	500	-
Total intergovernmental	<u>578,697</u>	<u>578,697</u>	<u>508,820</u>	<u>(69,877)</u>
Charges for services:				
Recorder's fees	223,500	223,500	218,695	(4,805)
Planning fees	100,200	100,200	57,295	(42,905)
Treasurer's fees	18,000	18,000	33,432	15,432
Assessor's fees	25,050	25,050	19,950	(5,100)
Title company billings and access fees	25,382	25,382	32,151	6,769
Total charges for services	<u>392,132</u>	<u>392,132</u>	<u>361,523</u>	<u>(30,609)</u>
Interest:				
Interest income	<u>604,100</u>	<u>604,100</u>	<u>445,920</u>	<u>(158,180)</u>
Miscellaneous:				
Refunds and reimbursements	18,855	18,855	52,157	33,302
Miscellaneous	5,680	5,680	7,608	1,928
Total miscellaneous	<u>24,535</u>	<u>24,535</u>	<u>59,765</u>	<u>35,230</u>
Total general fund revenues	<u>\$ 2,316,403</u>	<u>\$ 2,316,403</u>	<u>\$ 4,232,779</u>	<u>\$ 1,916,376</u>

See accompanying independent auditors' report.

Bonner County, Idaho

Sandpoint, Idaho

Statement of Expenditures - Budget and Actual - General Fund

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Clerk – Auditor:				
General government:				
Salaries	\$ 300,430	\$ 300,430	\$ 285,693	\$ 14,737
Other services and charges	93,142	108,142	113,433	(5,291)
Capital outlay	30,000	30,000	18,905	11,095
Total clerk - auditor	<u>423,572</u>	<u>438,572</u>	<u>418,031</u>	<u>20,541</u>
Treasurer:				
General government:				
Salaries	189,939	189,939	182,303	7,636
Other services and charges	64,340	64,340	51,007	13,333
Total treasurer	<u>254,279</u>	<u>254,279</u>	<u>233,310</u>	<u>20,969</u>
Emergency management:				
Public safety:				
Salaries	95,073	95,073	86,245	8,828
Other services and charges	27,155	27,155	18,256	8,899
Total emergency management	<u>122,228</u>	<u>122,228</u>	<u>104,501</u>	<u>17,727</u>
Commissioners:				
General government:				
Salaries	239,238	252,138	249,537	2,601
Other services and charges	19,500	19,500	18,468	1,032
Capital outlay	9,500	9,500	8,589	911
Total commissioners	<u>268,238</u>	<u>281,138</u>	<u>276,594</u>	<u>4,544</u>
Coroner:				
Public safety:				
Salaries	44,931	44,931	44,205	726
Other services and charges	54,270	67,270	62,501	4,769
Total coroner	<u>99,201</u>	<u>112,201</u>	<u>106,706</u>	<u>5,495</u>
Buildings and grounds:				
General government:				
Salaries	152,094	132,094	122,762	9,332
Other services and charges	60,256	110,256	108,788	1,468
Total buildings and grounds	<u>212,350</u>	<u>242,350</u>	<u>231,550</u>	<u>10,800</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
General:				
General government:				
Benefits	\$ 860,545	\$ 860,545	\$ 739,093	\$ 121,452
Other services and charges	1,097,800	1,097,800	856,835	240,965
Total general	<u>1,958,345</u>	<u>1,958,345</u>	<u>1,595,928</u>	<u>362,417</u>
Extension office:				
General government:				
Salaries	84,365	84,365	84,177	188
Other services and charges	29,695	29,695	29,646	49
Total extension office	<u>114,060</u>	<u>114,060</u>	<u>113,823</u>	<u>237</u>
Data processing:				
General government:				
Salaries	48,909	48,909	45,817	3,092
Other services and charges	198,740	198,740	62,323	136,417
Capital outlay	5,000	5,000	-	5,000
Total data processing	<u>252,649</u>	<u>252,649</u>	<u>108,140</u>	<u>144,509</u>
Assessor – motor vehicles:				
General government:				
Salaries	241,001	241,001	234,518	6,483
Other services and charges	16,685	16,685	16,403	282
Capital outlay	1,300	1,300	1,299	1
Total assessor – motor vehicles	<u>258,986</u>	<u>258,986</u>	<u>252,220</u>	<u>6,766</u>
Planning:				
General government:				
Salaries	462,687	462,687	382,758	79,929
Other services and charges	127,730	127,730	77,424	50,306
Capital outlay	18,300	18,300	2,334	15,966
Total planning	<u>608,717</u>	<u>608,717</u>	<u>462,516</u>	<u>146,201</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2009

	Budgeted Amounts			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Information services:				
General government:				
Other services and charges	\$ -	\$ -	\$ 171,697	\$ (171,697)
Capital outlay	-	-	-	-
Total information services	<u>-</u>	<u>-</u>	<u>171,697</u>	<u>(171,697)</u>
Personnel:				
General government:				
Salaries	51,462	51,462	44,096	7,366
Other services and charges	14,700	21,900	18,708	3,192
Capital outlay	-	-	-	-
Total personnel	<u>66,162</u>	<u>73,362</u>	<u>62,804</u>	<u>10,558</u>
Geographic information systems:				
General government:				
Salaries	82,255	82,255	80,652	1,603
Other services and charges	23,275	23,275	18,616	4,659
Capital outlay	-	-	4,644	(4,644)
Total geographic information systems	<u>105,530</u>	<u>105,530</u>	<u>103,912</u>	<u>1,618</u>
Debt service:				
Principal	86,220	86,220	39,280	46,940
Interest and fiscal charges	118,780	118,780	118,780	-
Total debt service	<u>205,000</u>	<u>205,000</u>	<u>158,060</u>	<u>46,940</u>
Total general fund expenditures	<u>4,949,317</u>	<u>5,027,417</u>	<u>4,399,792</u>	<u>627,625</u>
EXCESS OF EXPENDITURES OVER REVENUES	(2,632,914)	(2,711,014)	(167,013)	2,544,001
OTHER FINANCING USES:				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(859,864)</u>	<u>(859,864)</u>
NET CHANGE IN FUND BALANCE	(2,632,914)	(2,711,014)	(1,026,877)	1,684,137
FUND BALANCES, BEGINNING OF YEAR	<u>3,516,052</u>	<u>3,516,052</u>	<u>3,516,052</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 883,138</u>	<u>\$ 805,038</u>	<u>\$ 2,489,175</u>	<u>\$ 1,684,137</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Revenues - Budget and Actual -
Justice Fund

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Justice:				
Taxes:				
Current	\$ -	\$ -	\$ 8,880,635	\$ 8,880,635
Penalties and interest	26,000	26,000	95,823	69,823
REA tax	72,442	72,442	63,314	(9,128)
Total taxes	<u>98,442</u>	<u>98,442</u>	<u>9,039,772</u>	<u>8,941,330</u>
Licenses and permits:				
Drivers licenses	76,000	76,000	81,783	5,783
Boat licenses	117,000	117,000	167,069	50,069
Beer and liquor licenses	20,500	20,500	22,894	2,394
Other licenses and permits	4,600	4,600	7,516	2,916
Total licenses and permits	<u>218,100</u>	<u>218,100</u>	<u>279,262</u>	<u>61,162</u>
Intergovernmental:				
State revenue sharing	1,160,000	1,160,000	879,901	(280,099)
Payment in lieu of taxes	160,000	160,000	386,332	226,332
Kootenai	1,200	1,200	1,200	-
Oldtown services	3,600	3,600	3,600	-
U.S. Forest Service	4,000	4,000	-	(4,000)
Army Corps of Engineers	75,000	75,000	66,300	(8,700)
FILT-I F&G	3,700	3,700	7,463	3,763
Contributions and donations	45,076	45,076	48,777	3,701
Park Corp of Engineers	16,000	16,000	10,120	(5,880)
Ambulance District note repay	130,460	130,460	15,647	(114,813)
Total intergovernmental	<u>1,599,036</u>	<u>1,599,036</u>	<u>1,419,340</u>	<u>(179,696)</u>
Charges for services:				
Prisoner board, transport and other fees	361,500	361,500	644,239	282,739
Processing and servicing fees	65,000	65,000	60,517	(4,483)
Fingerprinting and bonding fees	13,500	13,500	14,794	1,294
Work release and inmate labor	58,000	58,000	39,465	(18,535)
Sheriff's sale proceeds	-	-	188	188
Other	20,000	20,000	40,210	20,210
Total charges for services	<u>518,000</u>	<u>518,000</u>	<u>799,413</u>	<u>281,413</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Justice (continued):				
Miscellaneous:				
Pay phone commissions	\$ 35,000	\$ 35,000	\$ 25,831	\$ (9,169)
ITD reinstatement	20,000	20,000	29,280	9,280
Prisoner reimbursements	39,000	39,000	46,401	7,401
Court surcharge	800	800	54,397	53,597
Public defender costs	37,000	37,000	33,195	(3,805)
Miscellaneous	-	-	7,577	7,577
Total miscellaneous	<u>131,800</u>	<u>131,800</u>	<u>196,681</u>	<u>64,881</u>
 Total justice fund revenues	 <u>\$ 2,565,378</u>	 <u>\$ 2,565,378</u>	 <u>\$ 11,734,468</u>	 <u>\$ 9,169,090</u>

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Expenditures - Budget and Actual -
Justice Fund

Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Justice:				
Public safety:				
Clerk:				
Salaries	\$ 692,213	\$ 692,213	\$ 629,911	\$ 62,302
Sheriff:				
Salaries	2,350,510	2,350,510	2,296,271	54,239
Other services and charges	395,883	455,883	443,296	12,587
Capital outlay	240,900	240,900	233,214	7,686
Total sheriff	2,987,293	3,047,293	2,972,781	74,512
Prosecuting attorney:				
Salaries	881,408	921,408	852,839	68,569
Other services and charges	112,769	123,848	73,209	50,639
Capital outlay	11,514	11,514	19,235	(7,721)
Total prosecuting attorney	1,005,691	1,056,770	945,283	111,487
Public defender:				
Salaries	320,859	320,859	312,199	8,660
Other services and charges	195,510	242,130	208,958	33,172
Capital outlay	12,850	12,850	13,190	(340)
Total public defender	529,219	575,839	534,347	41,492
Juvenile detention:				
Salaries	458,342	463,358	456,285	7,073
Other services and charges	235,040	235,040	224,784	10,256
Capital outlay	1,240	1,240	721	519
Total juvenile detention	694,622	699,638	681,790	17,848
General:				
Salaries	-	-	-	-
Benefits	2,460,634	2,460,634	2,234,896	225,738
Other services and charges	908,449	1,070,622	1,019,875	50,747
Capital outlay	-	-	-	-
Total general	3,369,083	3,531,256	3,254,771	276,485

See accompanying independent auditors' report.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Justice (continued):				
Public safety (continued):				
Jail:				
Salaries	\$ 1,536,797	\$ 1,511,797	\$ 1,507,415	\$ 4,382
Other services and charges	526,214	601,214	497,625	103,589
Capital outlay	45,850	55,850	75,693	(19,843)
Total jail	<u>2,108,861</u>	<u>2,168,861</u>	<u>2,080,733</u>	<u>88,128</u>
Marine patrol:				
Salaries	-	-	157,481	(157,481)
Other services and charges	-	-	64,266	(64,266)
Capital outlay	-	-	13,752	(13,752)
Total marine patrol	<u>-</u>	<u>-</u>	<u>235,499</u>	<u>(235,499)</u>
Building and grounds:				
Other services and charges	<u>20,000</u>	<u>40,000</u>	<u>39,826</u>	<u>174</u>
Total building and grounds	<u>20,000</u>	<u>40,000</u>	<u>39,826</u>	<u>174</u>
Five percent statutory reserve:				
Other services and charges	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Total justice fund expenditures	<u>11,491,982</u>	<u>11,896,870</u>	<u>11,374,941</u>	<u>521,929</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,926,604)	(9,331,492)	359,527	9,691,019
OTHER FINANCING SOURCES (USES):				
Operating transfers in (out)	<u>(162,743)</u>	<u>(162,743)</u>	<u>56,904</u>	<u>219,647</u>
NET CHANGE IN FUND BALANCE	(9,089,347)	(9,494,235)	416,431	9,910,666
FUND BALANCES, BEGINNING OF YEAR	<u>5,336,287</u>	<u>5,336,287</u>	<u>5,336,287</u>	<u>-</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (3,753,060)</u>	<u>\$ (4,157,948)</u>	<u>\$ 5,752,718</u>	<u>\$ 9,910,666</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, 2009

	Budgeted Amounts			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes:				
Current	\$ -	\$ -	\$ 3,966,488	\$ 3,966,488
Penalties and interest	15,000	15,000	43,801	28,801
REA tax	42,308	42,308	37,041	(5,267)
Total taxes	<u>57,308</u>	<u>57,308</u>	<u>4,047,330</u>	<u>3,990,022</u>
Intergovernmental:				
Highway user revenue	1,475,000	1,475,000	1,442,116	(32,884)
Sales tax base and excess	140,000	140,000	155,609	15,609
Category 58 replacement revenue	8,270	8,270	11,026	2,756
Forest apportionment	270,162	270,162	723,944	453,782
Total intergovernmental	<u>1,893,432</u>	<u>1,893,432</u>	<u>2,332,695</u>	<u>439,263</u>
Miscellaneous:				
Miscellaneous	29,000	29,000	39,157	10,157
Refunds and reimbursements	15,000	15,000	472,990	457,990
Total miscellaneous	<u>44,000</u>	<u>44,000</u>	<u>512,147</u>	<u>468,147</u>
Total revenues	<u>1,994,740</u>	<u>1,994,740</u>	<u>6,892,172</u>	<u>4,897,432</u>
Expenditures				
Current:				
Highways and streets:				
Salaries	1,810,448	1,810,448	1,597,407	213,041
Benefits	757,853	757,853	678,819	79,034
Other services and charges	3,860,714	3,860,714	4,042,837	(182,123)
Total current	<u>6,429,015</u>	<u>6,429,015</u>	<u>6,319,063</u>	<u>109,952</u>
Capital outlay	<u>814,570</u>	<u>1,253,311</u>	<u>817,221</u>	<u>436,090</u>
Debt service:				
Principal	230,630	230,630	156,608	74,022
Interest and fiscal charges	57,696	57,696	57,696	-
Total debt service	<u>288,326</u>	<u>288,326</u>	<u>214,304</u>	<u>74,022</u>
Total expenditures	<u>7,531,911</u>	<u>7,970,652</u>	<u>7,350,588</u>	<u>620,064</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(5,537,171)</u>	<u>(5,975,912)</u>	<u>(458,416)</u>	<u>5,517,496</u>
NET CHANGE IN FUND BALANCE	(5,537,171)	(5,975,912)	(458,416)	5,517,496
FUND BALANCES, BEGINNING OF YEAR	<u>3,597,867</u>	<u>3,597,867</u>	<u>3,597,867</u>	<u>-</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (1,939,304)</u>	<u>\$ (2,378,045)</u>	<u>\$ 3,139,451</u>	<u>\$ 5,517,496</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Current	\$ 2,557,059	\$ 2,557,059	\$ 2,604,903	\$ 47,844
Miscellaneous	-	-	114	114
Total revenues	<u>2,557,059</u>	<u>2,557,059</u>	<u>2,605,017</u>	<u>47,958</u>
Expenditures				
Current:				
Salaries	1,068,338	1,168,338	1,160,466	7,872
Benefits	434,746	434,746	442,716	(7,970)
Other services and charges	865,015	865,015	668,489	196,526
Total current	<u>2,368,099</u>	<u>2,468,099</u>	<u>2,271,671</u>	<u>196,428</u>
Capital outlay	<u>240,960</u>	<u>140,960</u>	<u>160,821</u>	<u>(19,861)</u>
Debt service:				
Principal	35,410	35,410	21,852	13,558
Interest	2,590	2,590	2,590	-
Total debt service	<u>38,000</u>	<u>38,000</u>	<u>24,442</u>	<u>13,558</u>
Total expenditures	<u>2,647,059</u>	<u>2,647,059</u>	<u>2,456,934</u>	<u>190,125</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(90,000)	(90,000)	148,083	238,083
OTHER FINANCING SOURCES:				
Operating transfers in	-	-	31,462	31,462
NET CHANGE IN FUND BALANCE	(90,000)	(90,000)	179,545	269,545
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>(386,710)</u>	<u>(386,710)</u>	<u>(386,710)</u>	<u>-</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ (476,710)</u>	<u>\$ (476,710)</u>	<u>\$ (207,165)</u>	<u>\$ 269,545</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, 2009

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<i>REVENUES:</i>				
Charges for services:				
Fees	\$ 2,569,825	\$ 2,569,825	\$ 2,662,980	\$ 93,155
Commercial disposal	2,085,660	2,085,660	2,060,835	(24,825)
Gate	227,089	227,089	144,729	(82,360)
Total charges for services	4,882,574	4,882,574	4,868,544	(14,030)
Penalties and interest	3,250	3,250	26,481	23,231
Total revenues	4,885,824	4,885,824	4,895,025	9,201
<i>EXPENDITURES:</i>				
Salaries	668,912	668,912	602,658	66,254
Benefits	368,785	368,785	321,018	47,767
Other services and charges	3,807,919	3,807,919	2,919,611	888,308
Depreciation	-	-	148,842	(148,842)
Total expenses	4,845,616	4,845,616	3,992,129	853,487
<i>TRANSFERS OUT</i>	-	-	(12,000)	(12,000)
<i>EXCESS OF REVENUES OVER</i> <i>EXPENDITURES</i>	\$ 40,208	\$ 40,208	\$ 890,896	\$ 850,688

See accompanying independent auditors' report.