

**BONNER COUNTY, IDAHO
SANDPOINT, IDAHO**

**BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED SEPTEMBER 30, 2010

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, 2010, 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 opinions 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 that our audit provides a reasonable basis for our opinions.

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, 2010, 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.

As indicated in note 16, a prior period adjustment is presented to correct an error in the previously issued governmental fund financial statements related to an accrual for compensated absences.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2011, 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 13 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 supplementary 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 supplementary 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.

LarsonAllen LLP
LarsonAllen LLP

Boise, Idaho
March 8, 2011

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, 2010. 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 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, capital 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

The following analysis is presented 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 2010 compared to 2009:

	Bonner County's Net Assets						
	Governmental		Business-type				Percentage
	Activities		Activities		Total		Change
	2010	2009	2010	2009	2010	2009	2009-2010
Current and other assets	\$ 24,938,254	\$ 24,220,222	\$ 7,850,939	\$ 6,970,010	\$ 32,789,193	\$ 31,190,232	5.6%
Capital assets	138,618,721	161,612,942	1,767,028	1,786,442	140,385,749	163,399,384	-14.1%
Total assets	<u>\$ 163,556,975</u>	<u>\$ 185,833,164</u>	<u>\$ 9,617,967</u>	<u>\$ 8,756,452</u>	<u>\$ 173,174,942</u>	<u>\$ 194,589,616</u>	<u>-10.9%</u>
Long-term liabilities outstanding	\$ 4,810,708	\$ 4,609,349	\$ 33,448	\$ 32,287	\$ 4,844,156	\$ 4,641,636	4.4%
Other liabilities	4,595,073	6,042,576	542,303	313,985	5,137,376	6,356,561	-19.2%
Total liabilities	<u>\$ 9,405,781</u>	<u>\$ 10,651,925</u>	<u>\$ 575,751</u>	<u>\$ 346,272</u>	<u>\$ 9,981,532</u>	<u>\$ 10,998,197</u>	<u>-9.2%</u>
Net assets:							
Invested in capital assets, net of							
related debt	\$ 134,423,634	\$ 157,637,414	\$ 1,767,028	\$ 1,786,442	\$ 136,190,662	\$ 159,423,856	-14.6%
Restricted	271,888	273,852	1,998,442	1,998,442	2,270,330	2,272,294	-0.1%
Unrestricted	19,455,672	17,269,973	5,276,746	4,625,296	24,732,418	21,895,269	13.6%
Total net assets	<u>\$ 154,151,194</u>	<u>\$ 175,181,239</u>	<u>\$ 9,042,216</u>	<u>\$ 8,410,180</u>	<u>\$ 163,193,410</u>	<u>\$ 183,591,419</u>	<u>-11.0%</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 \$163,193,410 (\$154,151,194 in governmental activities and \$9,042,216 in business-type activities) as of September 30, 2010. 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 are 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 (1.39 percent) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$24,732,418) 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 2010 and 2009:

Bonner County's Changes in Net Assets							Percentage Change 2009-2010
	Governmental Activities		Business-type Activities		Total		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Revenues:							
Program revenues:							
Charges for services	\$ 2,720,936	\$ 3,381,815	\$ 1,961,353	\$ 2,368,507	\$ 4,682,289	\$ 5,750,322	-18.6%
Operating grants and contributions	1,437,895	809,495	-	-	1,437,895	809,495	77.63%
Capital grants and contributions	1,153,467	990,615	-	-	1,153,467	990,615	16.44%
General revenues:							
Property taxes	23,102,183	22,504,166	-	-	23,102,183	22,504,166	3.3%
Other taxes	193,344	206,722	2,546,180	2,500,037	2,739,524	2,706,759	1.2%
Intergovernmental	4,570,127	4,838,921	-	-	4,570,127	4,838,921	-5.6%
Other	2,025,060	1,713,799	905	14,481	2,025,965	1,728,280	17.2%
Total revenues	<u>35,203,012</u>	<u>34,445,533</u>	<u>4,508,438</u>	<u>4,883,025</u>	<u>39,711,450</u>	<u>39,328,558</u>	1.3%
Expenses:							
General government	8,136,124	8,150,135	-	-	8,136,124	8,150,135	-0.2%
Public safety	16,051,941	15,790,459	-	-	16,051,941	15,790,459	1.7%
Highways and streets	29,869,428	30,958,599	-	-	29,869,428	30,958,599	-3.5%
Sanitation	144,594	145,476	-	-	144,594	145,476	-0.6%
Health	353,507	352,727	-	-	353,507	352,727	0.2%
Welfare	659,590	608,804	-	-	659,590	608,804	8.3%
Education	241,298	289,372	-	-	241,298	289,372	-16.7%
Culture and recreation	525,876	1,151,662	-	-	525,876	1,151,662	-54.3%
Interest on long-term debt	250,699	208,599	-	-	250,699	208,599	20.2%
Solid waste	<u>-</u>	<u>-</u>	<u>3,876,402</u>	<u>3,992,129</u>	<u>3,876,402</u>	<u>3,992,129</u>	-2.9%
Total expenses	<u>56,233,057</u>	<u>57,655,833</u>	<u>3,876,402</u>	<u>3,992,129</u>	<u>60,109,459</u>	<u>61,647,962</u>	-2.5%
Change in net assets	<u>\$ (21,030,045)</u>	<u>\$ (23,210,300)</u>	<u>\$ 632,036</u>	<u>\$ 890,896</u>	<u>\$(20,398,009)</u>	<u>\$(22,319,404)</u>	-9.2%

Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$2,720,936 of total governmental revenues. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

The County's grant revenues from federal and state sources made up \$2,591,362 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 \$23,102,183 of the \$35,203,012 total revenues for governmental activities.

Highways and Streets accounted for \$29,869,428 of the \$56,233,057 total expenses for governmental activities. The next largest program was Public Safety, accounting for \$16,051,941 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						
Years Ended September 30, 2010 and 2009						
	Total Cost of Services		Percentage change 2010-2009	Net Cost of Services		Percentage change 2010-2009
	2010	2009		2010	2009	
General government	\$ 8,136,124	\$ 8,150,135	-1.7%	\$ 6,369,700	\$ 5,803,420	9.8%
Public safety	16,051,941	15,790,459	1.6%	13,427,973	14,238,579	-5.7%
Highways and streets	29,869,428	30,958,599	-3.5%	29,246,978	30,234,655	-3.3%
Sanitation	144,594	145,476	-0.6%	144,594	145,476	-0.6%
Health	353,507	352,727	0.2%	353,507	352,727	0.2%
Welfare	659,590	608,804	8.3%	659,590	608,804	8.3%
Education	241,298	289,372	-16.6%	234,898	275,756	-14.8%
Culture and recreation	525,876	1,151,662	-54.3%	232,820	605,892	-61.6%
Interest on long-term debt	250,699	208,599	20.2%	250,699	208,599	20.2%
Total	<u>\$ 56,233,057</u>	<u>\$ 57,655,833</u>	<u>-2.5%</u>	<u>\$ 50,920,759</u>	<u>\$ 52,473,908</u>	<u>-3.0%</u>

Of the total charges for services revenues of \$2,720,936, \$1,766,424 are received and used to fund the general government expenses of \$8,136,124 of the County. The remaining \$48,096,933 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 \$632,036 during 2010 and the major revenue sources were charges for services of \$1,961,353.

Overall Financial Position

Governmental Funds: The major funds include our General (current expense), Road and Bridge, Justice Fund, and the Ambulance District. The General, Road and Bridge, Justice Fund, and the Ambulance District increased their overall fund balance from prior years.

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 FY2004 – 2005. Our revenues from this source began to be realized in FY2005 – 2006, and were fully implemented in FY2006 – 2007. During the current fiscal year 2010 the charges exceeded the expenses by \$632,036.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data presented in the government-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 \$23,013,635. This amount represents book value of assets less accumulated depreciation. The decrease in capital assets was mainly due to the depreciation provision of \$24,763,318. Capital assets additions amounted to \$1,772,567 and capital asset deletions amounted to \$22,884 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 increase of \$202,520.

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, 2010, 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.

Bonner County, Idaho

Sandpoint, Idaho

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. Bonner County has agreed to lease this building from them for 30 years with the intent of purchasing the building at the end of the lease period for \$1.00. This is the culmination of the work performed and the decisions made by not only the current board but many previous Boards who sought a solution to our overcrowded situation. The planning department and the Assessor's operations have moved into the second 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 third floor. That was completed and some offices moved into the new suites in October 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 third floor. In early 2010 the Forest Service vacated the first floor of this building. In December of 2010, the current Board of Commissioners authorized the transfer of fund balance from many of the County funds to allow for the completion of the remodeling project at 1500 Hwy 2. Said project is scheduled to commence in FY2011. When complete, it will allow us 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. The costs associated with this remodel increased significantly from those first projected which placed this whole project in jeopardy. The Board made the decision to use a higher than expected portion of fund balance in the Current Expense Fund and proceed with the project.
- In FY2010, Panhandle Area Council (PAC) purchased 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, Bonner 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. While remodeling of this building into office space to house drivers' license and motor vehicle registration operations was to begin in FY2010, the economic downturn coupled with the increase in costs associated with the remodeling project at the Administrative Office Building has stalled this project for the near future. Nothing will be undertaken during FY2011.
- Bonner County continually fights the battle of low salaries/wages when trying to attract employees in almost every category of its operations. January 2007 saw a new Board of Commissioners take office who recognized this deficiency and during the budget setting process made the decision to again devote a great deal of the budget increase to enhancing those wages and the benefit package. 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. FY2010 showed more negative impact to our community and once again no increase in wages was allowed during budget setting time. It remains to be seen whether or not funding will be available for this purpose in 2011.

Bonner County, Idaho

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Management's Discussion and Analysis

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

County Operations (continued):

- In FY2010 our employees also voted to help fund the increase in health insurance premiums so that their benefit package would not decrease. They did this even in light of the fact that they themselves received no increase in pay. Employees voted to voluntarily increase their portion of the premium by an additional \$41.00 per month to a total of \$66.00. In FY2011 the County was again notified of an unusually high increase in the premium for medical insurance. Even though the employees voted to pay a portion of the increase last year so the benefits would not be cut, this time the Board of Commissioners opted to cut benefits in an effort to reduce that increase. They made no adjustments to the amount the employees would pay.
- In August 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 were then scaled back and in FY2010 the County approached PAC (Panhandle Area Council) for \$1.6 million in funding to assist with paying for the \$4.6 million dollar project. PAC, in a purely political move, turned the County down. In December 2010, the Board of Commissioners resolved to use \$3 million in fund balance from the Justice Fund coupled with borrowing \$1.6 million from the Solid Waste Capital Improvement Fund to build a new Juvenile Justice Facility. Construction is set to begin in early 2011.
- 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.
- In 2010 we entered into a Memorandum of Understanding (MOU) with the US Forest Service to enable both entities to benefit from a Federal stimulus package of \$3,730,000 that will foster major road maintenance, repairs and enhancements. These will be on-going projects spanning many fiscal years.
- 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%.

Bonner County, Idaho

Sandpoint, Idaho

Management's Discussion and Analysis

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

County Operations (continued):

- 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. In FY2010 we saw an additional four positions eliminated from our operations. Only one of those four was vacant at the time. Three people lost their jobs. In two of those cases, however, the positions were replaced by contracting with outside vendors to provide those services at a reduced cost.
- 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 the County making significant use of its reserves to see us through the end of the fiscal year. This use of reserves together with the continuing building and remodeling projects has left the County in a vulnerable financial position in some areas; namely, Justice Fund operations and current expense.

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, 2010

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS:			
Cash and investments	\$ 22,403,121	\$ 5,673,389	\$ 28,076,510
Receivables, net of allowance for uncollectibles:			
Taxes	1,943,289	-	1,943,289
Fees	-	3,397	3,397
Interest	21,163	-	21,163
Accounts	245,367	170,905	416,272
Other current assets	5,043	-	5,043
Due from other governments	320,271	4,806	325,077
Restricted assets:			
Cash	-	1,997,778	1,997,778
Cash on deposit with fiscal agent	-	664	664
Capital assets:			
Land	3,755,530	322,857	4,078,387
Other capital assets, net of depreciation	134,863,191	1,444,171	136,307,362
Total assets	<u>163,556,975</u>	<u>9,617,967</u>	<u>173,174,942</u>
LIABILITIES:			
Warrants payable	2,076,724	515,014	2,591,738
Vouchers payable	53,199	-	53,199
Accrued payroll	522,275	21,943	544,218
Accrued retirement payable	75,852	5,346	81,198
Accrued interest payable	24,489	-	24,489
Due to other governments	18,000	-	18,000
Unearned revenue	1,824,534	-	1,824,534
Long-term liabilities:			
Due within one year:			
Compensated absences	499,475	33,448	532,923
Leases payable	384,174	-	384,174
Due in more than one year:			
Compensated absences	116,146	-	116,146
Leases payable	3,810,913	-	3,810,913
Total liabilities	<u>9,405,781</u>	<u>575,751</u>	<u>9,981,532</u>
NET ASSETS:			
Invested in capital assets, net of related debt	134,423,634	1,767,028	136,190,662
Restricted for:			
Debt retirement	271,888	664	272,552
Capital improvements	-	1,997,778	1,997,778
Unrestricted	19,455,672	5,276,746	24,732,418
Total net assets	<u>\$154,151,194</u>	<u>\$ 9,042,216</u>	<u>\$163,193,410</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Activities

Year Ended September 30, 2010

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	\$ 8,136,124	\$ 1,766,424	\$ -	\$ -	\$ (6,369,700)	\$ -	\$ (6,369,700)
Public safety	16,051,941	954,512	1,267,728	401,728	(13,427,973)	-	(13,427,973)
Highways and streets	29,869,428	-	-	622,450	(29,246,978)	-	(29,246,978)
Sanitation	144,594	-	-	-	(144,594)	-	(144,594)
Health	353,507	-	-	-	(353,507)	-	(353,507)
Welfare	659,590	-	-	-	(659,590)	-	(659,590)
Education	241,298	-	6,400	-	(234,898)	-	(234,898)
Culture and recreation	525,876	-	163,767	129,289	(232,820)	-	(232,820)
Interest on long-term debt	250,699	-	-	-	(250,699)	-	(250,699)
Total governmental activities	<u>56,233,057</u>	<u>2,720,936</u>	<u>1,437,895</u>	<u>1,153,467</u>	<u>(50,920,759)</u>	<u>-</u>	<u>(50,920,759)</u>
Business-type activities:							
Solid waste	3,876,402	1,961,353	-	-	-	(1,915,049)	(1,915,049)
Total business-type activities	<u>3,876,402</u>	<u>1,961,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,915,049)</u>	<u>(1,915,049)</u>
Total primary government	<u>\$ 60,109,459</u>	<u>\$ 4,682,289</u>	<u>\$ 1,437,895</u>	<u>\$ 1,153,467</u>	<u>(50,920,759)</u>	<u>(1,915,049)</u>	<u>(52,835,808)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					23,102,183	-	23,102,183
Special assessments					193,344	2,546,180	2,739,524
Intergovernmental revenues					4,570,127	-	4,570,127
Miscellaneous					1,562,474	27,905	1,590,379
Interest and investment earnings					435,586	-	435,586
Transfers					27,000	(27,000)	-
Total general revenues and special items					<u>29,890,714</u>	<u>2,547,085</u>	<u>32,437,799</u>
Change in net assets					<u>(21,030,045)</u>	<u>632,036</u>	<u>(20,398,009)</u>
Net assets, beginning					<u>175,181,239</u>	<u>8,410,180</u>	<u>183,591,419</u>
Net assets, ending					<u>\$ 154,151,194</u>	<u>\$ 9,042,216</u>	<u>\$ 163,193,410</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Balance Sheet - Governmental Funds

September 30, 2010

	<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	\$ 2,903,332	\$ 6,535,462	\$ 5,005,206	\$ 1,032,308	\$ 6,926,813	\$ 22,403,121
Receivables, net of allowance for uncollectibles:						
Taxes	254,985	880,340	427,093	-	380,871	1,943,289
Accounts	71,587	30,073	-	57,081	86,626	245,367
Interest	21,041	-	-	-	122	21,163
Due from other funds	-	862,253	-	-	-	862,253
Due from other governments	787	181,928	5,863	-	131,693	320,271
Other assets	543	-	-	4,500	-	5,043
	<u>3,252,275</u>	<u>8,490,056</u>	<u>5,438,162</u>	<u>1,093,889</u>	<u>7,526,125</u>	<u>25,800,507</u>
Total assets	\$ 3,252,275	\$ 8,490,056	\$ 5,438,162	\$ 1,093,889	\$ 7,526,125	\$ 25,800,507
Liabilities and Fund Balances						
LIABILITIES:						
Warrants payable	\$ 173,584	\$ 527,885	\$ 682,590	\$ 143,698	\$ 548,967	\$ 2,076,724
Vouchers payable	733	8,281	571	1,198	42,416	53,199
Accrued payroll	69,767	224,263	58,963	42,437	126,845	522,275
Accrued retirement payable	11,663	43,058	13,821	7,310	-	75,852
Due to other funds	-	-	-	862,253	-	862,253
Due from other governments	-	-	-	-	18,000	18,000
Deferred revenue	235,580	812,496	392,072	-	384,386	1,824,534
Total liabilities	<u>491,327</u>	<u>1,615,983</u>	<u>1,148,017</u>	<u>1,056,896</u>	<u>1,120,614</u>	<u>5,432,837</u>
FUND BALANCES:						
Unreserved, reported in:						
General fund	2,760,948	-	-	-	-	2,760,948
Special revenue fund	-	6,874,073	4,290,145	36,993	5,934,130	17,135,341
Capital project fund	-	-	-	-	199,493	199,493
Debt service fund	-	-	-	-	271,888	271,888
Total fund balances	<u>2,760,948</u>	<u>6,874,073</u>	<u>4,290,145</u>	<u>36,993</u>	<u>6,405,511</u>	<u>20,367,670</u>
Total liabilities and fund balances	\$ 3,252,275	\$ 8,490,056	\$ 5,438,162	\$ 1,093,889	\$ 7,526,125	\$ 25,800,507

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, 2010

Total fund balances as shown on the governmental funds balance sheet		\$ 20,367,670
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, 2010.		138,618,721
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	\$ (4,195,087)	
Compensated absences	(615,621)	
Accrued interest payable	(24,489)	
		<u>(4,835,197)</u>
Total net assets as shown on the statement of net assets		<u>\$ 154,151,194</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	<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	\$ 2,779,974	\$ 9,288,047	\$ 4,053,227	\$ 2,836,815	\$ 4,499,120	\$ 23,457,183
Licenses and permits	471,315	192,858	-	-	148,986	813,159
Intergovernmental	559,697	1,158,839	2,249,330	-	3,193,623	7,161,489
Charges for services	351,704	761,654	-	-	568,405	1,681,763
Fines	-	-	-	-	226,014	226,014
Special assessments	-	-	-	-	193,344	193,344
Interest income	435,356	-	-	-	230	435,586
Rental income	-	-	-	-	81,091	81,091
Miscellaneous	49,140	197,200	855,362	2,269	377,412	1,481,383
Total revenues	<u>4,647,186</u>	<u>11,598,598</u>	<u>7,157,919</u>	<u>2,839,084</u>	<u>9,288,225</u>	<u>35,531,012</u>
<i>EXPENDITURES:</i>						
Current:						
General government	4,152,867	-	-	-	3,600,116	7,752,983
Public safety	195,759	10,242,342	-	2,485,565	2,796,520	15,720,186
Highways and streets	-	-	4,316,216	-	439,866	4,756,082
Sanitation	-	-	-	-	144,644	144,644
Health	-	-	-	-	256,702	256,702
Welfare	-	-	-	-	659,285	659,285
Education	-	-	-	-	240,823	240,823
Culture and recreation	-	-	-	-	505,285	505,285
Capital outlay	32,029	362,061	730,432	63,500	453,443	1,641,465
Debt service:						
Principal	78,040	-	867,513	28,770	135,000	1,109,323
Interest and fiscal charges	137,668	-	61,884	1,364	60,317	261,233
Total expenditures	<u>4,596,363</u>	<u>10,604,403</u>	<u>5,976,045</u>	<u>2,579,199</u>	<u>9,292,001</u>	<u>33,048,011</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50,823	994,195	1,181,874	259,885	(3,776)	2,483,001
<i>OTHER FINANCING SOURCES (USES):</i>						
Transfers in (out)	<u>170,867</u>	<u>(111,804)</u>	<u>(115,000)</u>	<u>(45,321)</u>	<u>128,258</u>	<u>27,000</u>
NET CHANGE IN FUND BALANCE	221,690	882,391	1,066,874	214,564	124,482	2,510,001
FUND BALANCES (DEFICIT), BEGINNING OF YEAR, AS RESTATED	<u>2,539,258</u>	<u>5,991,682</u>	<u>3,223,271</u>	<u>(177,571)</u>	<u>6,281,029</u>	<u>17,857,669</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,760,948</u>	<u>\$ 6,874,073</u>	<u>\$ 4,290,145</u>	<u>\$ 36,993</u>	<u>\$ 6,405,511</u>	<u>\$ 20,367,670</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2010

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

Net change in fund balances - total governmental funds	\$ 2,510,001
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Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense:

Capital outlay	\$ 1,641,465	
Depreciation expense	<u>(24,635,686)</u>	(22,994,221)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(355,000)
--	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-in, and donations) is to decrease net assets	(1,328,882)
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The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of the
principal of long-term debt consumes the current financial
resources of governmental funds. Neither transaction has any
effect on net assets. Also, governmental funds report the effect of
issuance costs, premiums, discounts, and similar items when
debt is first issued, whereas these amounts are deferred and
amortized in the statement of activities. This amount is the net
effect of these differences in the treatment of long-term debt and
related items:

Principal payments	1,109,323
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Accrued interest for long-term debt. This is the net change in accrued interest for the current period.	10,534
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>18,200</u>
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Change in net assets, as reflected on the statement of activities	<u><u>\$ (21,030,045)</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, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Taxes	\$ 2,785,343	\$ 2,785,343	\$ 2,779,974	\$ (5,369)
Licenses and permits	541,060	541,060	471,315	(69,745)
Intergovernmental	559,697	559,697	559,697	-
Charges for services	338,875	338,875	351,704	12,829
Interest income	333,500	333,500	435,356	101,856
Miscellaneous	34,665	34,665	49,140	14,475
Total revenues	4,593,140	4,593,140	4,647,186	54,046
EXPENDITURES:				
Current:				
General government	3,919,799	4,187,299	4,152,867	34,432
Public safety	208,977	210,923	195,759	15,164
Capital outlay	61,800	69,800	32,029	37,771
Debt service:				
Principal	326,121	326,121	78,040	248,081
Interest and fiscal charges	137,668	137,668	137,668	-
Total expenditures	4,654,365	4,931,811	4,596,363	335,448
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(61,225)	(338,671)	50,823	389,494
OTHER FINANCING SOURCES:				
Transfers in	-	-	170,867	170,867
NET CHANGE IN FUND BALANCE	(61,225)	(338,671)	221,690	560,361
FUND BALANCES, BEGINNING OF YEAR	2,539,258	2,539,258	2,539,258	-
FUND BALANCES, END OF YEAR	\$ 2,478,033	\$ 2,200,587	\$ 2,760,948	\$ 560,361

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, 2010

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 8,983,828	\$ 8,983,828	\$ 9,288,047	\$ 304,219
Licenses and permits	244,300	244,300	192,858	(51,442)
Intergovernmental	1,323,173	1,323,173	1,158,839	(164,334)
Charges for services	707,000	707,000	761,654	54,654
Miscellaneous	132,800	132,800	197,200	64,400
Total revenues	11,391,101	11,391,101	11,598,598	207,497
EXPENDITURES:				
Current:				
Public safety	11,218,528	11,190,881	10,242,342	948,539
Capital outlay	348,272	575,178	362,061	213,117
Total expenditures	11,566,800	11,766,059	10,604,403	1,161,656
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(175,699)	(374,958)	994,195	1,369,153
OTHER FINANCING USES:				
Transfers out	-	-	(111,804)	(111,804)
NET CHANGE IN FUND BALANCE				
	(175,699)	(374,958)	882,391	1,257,349
FUND BALANCES, BEGINNING OF YEAR				
	5,991,682	5,991,682	5,991,682	-
FUND BALANCES, END OF YEAR				
	\$ 5,815,983	\$ 5,616,724	\$ 6,874,073	\$ 1,257,349

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, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Taxes	\$ 4,033,820	\$ 4,033,820	\$ 4,053,227	\$ 19,407
Intergovernmental	2,329,969	2,329,969	2,249,330	(80,639)
Miscellaneous	43,000	43,000	855,362	812,362
Total revenues	6,406,789	6,406,789	7,157,919	751,130
EXPENDITURES:				
Current:				
Highways and streets	4,757,212	4,892,978	4,316,216	576,762
Capital outlay	433,409	1,142,209	730,432	411,777
Debt service:				
Principal	950,325	950,325	867,513	82,812
Interest and fiscal charges	61,884	61,884	61,884	-
Total expenditures	6,202,830	7,047,396	5,976,045	1,071,351
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	203,959	(640,607)	1,181,874	1,822,481
OTHER FINANCING USES:				
Transfers out	-	-	(115,000)	(115,000)
NET CHANGE IN FUND BALANCE				
	203,959	(640,607)	1,066,874	1,707,481
FUND BALANCES, BEGINNING OF YEAR				
	3,223,271	3,223,271	3,223,271	-
FUND BALANCES, END OF YEAR				
	\$ 3,427,230	\$ 2,582,664	\$ 4,290,145	\$ 1,707,481

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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<i>REVENUES:</i>				
Taxes	\$ 2,646,314	\$ 2,646,314	\$ 2,836,815	\$ 190,501
Miscellaneous	-	-	2,269	2,269
Total revenues	<u>2,646,314</u>	<u>2,646,314</u>	<u>2,839,084</u>	<u>192,770</u>
<i>EXPENDITURES:</i>				
Current:				
Public safety	2,300,131	2,455,131	2,485,565	(30,434)
Capital outlay	252,862	303,462	63,500	239,962
Debt service:				
Principal	36,636	36,636	28,770	7,866
Interest and fiscal charges	1,364	1,364	1,364	-
Total expenditures	<u>2,590,993</u>	<u>2,796,593</u>	<u>2,579,199</u>	<u>217,394</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	55,321	(150,279)	259,885	410,164
<i>OTHER FINANCING USES:</i>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(45,321)</u>	<u>(45,321)</u>
<i>NET CHANGE IN FUND BALANCE</i>	55,321	(150,279)	214,564	364,843
<i>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</i>	<u>(177,571)</u>	<u>(177,571)</u>	<u>(177,571)</u>	<u>-</u>
<i>FUND BALANCES (DEFICIT), END OF YEAR</i>	<u>\$ (122,250)</u>	<u>\$ (327,850)</u>	<u>\$ 36,993</u>	<u>\$ 364,843</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho
Sandpoint, Idaho

Statement of Net Assets - Proprietary Funds

September 30, 2010

Business-type Activities
Enterprise Funds
Solid Waste

Assets

CURRENT ASSETS:

Cash and cash equivalents	\$ 5,673,389
Receivables, net of allowance for uncollectibles:	
Fees	3,397
Accounts	170,905
Due from other governments	4,806
Total current assets	<u>5,852,497</u>

NONCURRENT ASSETS:

Restricted assets:	
Cash	\$ 1,997,778
Cash on deposit with fiscal agent	664
Capital assets, net of depreciation	<u>1,767,028</u>
Total noncurrent assets	<u>3,765,470</u>
 Total assets	 <u>\$ 9,617,967</u>

Liabilities and Net Assets

LIABILITIES:

Warrants payable	\$ 515,014
Accrued payroll	21,943
Accrued retirement payable	5,346
Compensated absences payable	33,448
Total liabilities	<u>575,751</u>

NET ASSETS:

Invested in capital assets, net of related debt	\$ 1,767,028
Reserved for:	
Debt retirement	664
Capital improvements	1,997,778
Unrestricted	<u>5,276,746</u>
	<u>9,042,216</u>
 Total liabilities and net assets	 <u>\$ 9,617,967</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, 2010

	Business-type Activities Enterprise Funds <u>Solid Waste</u>
<i>OPERATING REVENUES:</i>	
Charges for services	\$ 4,507,533
<i>OPERATING EXPENSES:</i>	
Salaries	\$ 607,209
Benefits	312,531
Other services and charges	2,806,146
Depreciation	150,516
Total operating expenses	<u>3,876,402</u>
<i>OPERATING INCOME</i>	631,131
<i>NONOPERATING REVENUES:</i>	
Penalties and interest	27,905
<i>TRANSFERS OUT</i>	<u>(27,000)</u>
<i>CHANGE IN NET ASSETS</i>	632,036
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>8,410,180</u>
<i>NET ASSETS, END OF YEAR</i>	<u>\$ 9,042,216</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	\$ 4,681,155
Cash payments to suppliers for goods and services	(2,890,548)
Cash payments to employees for services	(605,859)
Net cash provided by operating activities	<u>1,184,748</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Miscellaneous receipts	\$ 23,099
Cash paid to Bonner County	<u>(27,000)</u>
Net cash used in noncapital financing activities	(3,901)

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

Acquisition of capital assets	<u>(131,102)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 1,049,745

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 6,622,086

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 7,671,831

CASH AND CASH EQUIVALENTS:

Cash	\$ 5,673,389
Restricted assets:	
Cash	1,997,778
Cash on deposit with fiscal agent	<u>664</u>
	<u><u>\$ 7,671,831</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		\$ 631,131
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 150,516	
Changes in assets and liabilities:		
Decrease (increase) in receivables:		
Fees	(236)	
Accounts	173,858	
Increase in warrants payable	227,333	
Increase in accrued payroll	796	
Increase in retirement payable	189	
Increase in compensated absences payable	1,161	
Total adjustments		<u>553,617</u>
Net cash provided by operating activities		<u>\$ 1,184,748</u>

Bonner County, Idaho
Sandpoint, Idaho

Statement of Fiduciary Net Assets - Fiduciary Funds

September 30, 2010

Agency
Funds

Assets

Cash and cash equivalents	\$ 1,224,508
Receivable, net of allowance for uncollectibles:	
Taxes	<u>2,682,514</u>
Total assets	<u>\$ 3,907,022</u>

Liabilities and Net Assets

LIABILITIES:

Warrants payable	\$ 39,724
Accounts payable	675,134
Due to other taxing districts	<u>3,192,164</u>
Total liabilities	<u>\$ 3,907,022</u>

See accompanying notes to basic financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The financial statements of Bonner County, Idaho (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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, and 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 revenues represented by noncurrent receivables is 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, 2010, 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 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, 2010.

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.

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

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

Summary of Significant Accounting Policies (continued):

Capital Assets (continued) –

Property, plant, equipment and infrastructure 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
Infrastructure	20

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, 2010, total compensated absences payable by the County was \$649,069. Of this amount, \$615,621 arises from governmental activity operations and \$33,448 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 transfer, interfund loans, and interfund reimbursements.

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

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

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

Explanation of Certain Differences Between the Governmental Funds 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 \$138,618,721 difference are as follows:

Gross capital assets	\$483,584,834
Accumulated depreciation	<u>(344,966,113)</u>
Net adjustment to increase total governmental funds to arrive at net assets – governmental funds	<u>\$138,618,721</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 \$(4,835,197) difference are as follows:

Compensated absences	\$ (615,621)
Capital leases payable	(4,195,087)
Accrued interest payable	<u>(24,489)</u>
Net adjustments to reduce total governmental funds to arrive at net assets – governmental funds	<u>\$ (4,835,197)</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 \$(22,994,221) difference are as follows:

Capital outlay	\$ 1,641,465
Depreciation expense	<u>(24,635,686)</u>
Net adjustment to decrease the net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	 \$ (22,994,221) <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 \$1,109,323 difference are as follows:

Principal repayments:	
Capital lease	\$ 974,323
Special assessment debt	<u>135,000</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	 \$ 1,109,323 <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, 2010.

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 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 June 2010 with Panhandle State Bank, the County invests idle cash in uninsured repurchase agreements. The repurchase agreements are fully collateralized with an undivided, fractional interest in obligations of, or obligations that are fully guaranteed by the United States government, its agencies, or instrumentalities. Title to the securities 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, 2010. As of September 30, 2010, the following issuers hold more than 5% of the County's total portfolio: Multibank Securities – 69%, Panhandle State Bank – 17%, Mountain West Bank – 7% and US Bank – 7%.

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, 2010, the County's deposits over and above the FDIC insurance limits at Wells Fargo Bank were collateralized with US Government Agency Securities and amounts at Panhandle State Bank were covered under the federal government's Transaction Account Guarantee (TAG) program. All non-interest bearing transaction accounts at institutions participating in the TAG program are fully guaranteed by the FDIC for the entire amount in the account.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS (continued):

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. The County is exposed to custodial credit risk because it has repurchase agreement investments of \$16,641,274 that are uninsured, unregistered, and held by Panhandle State Bank which is also the counterparty for the repurchase agreements. The repurchase agreements are fully collateralized with securities held by the safekeeping bank in the bank's name with market values of \$16,641,274.

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	\$ 16,641,274	\$ -	\$ -	\$ -	\$ 16,641,274	\$ 16,641,274
State of Idaho Local Government							
Investment Pool	N/A	<u>2,030,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,030,827</u>	<u>2,030,827</u>
Total investments		\$ 18,672,101	\$ -	\$ -	\$ -	\$ 18,672,101	\$ 18,672,101

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, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets:				
Infrastructure	\$ 455,411,641	\$ 442,288	\$ -	\$ 455,853,929
Buildings	7,605,512	37,830	-	7,643,342
Machinery and equipment	18,926,216	1,161,347	(22,884)	20,064,679
Less accumulated depreciation	<u>(320,330,427)</u>	<u>(24,612,802)</u>	<u>-</u>	<u>(344,943,229)</u>
Governmental activities capital assets, net	<u>\$ 161,612,942</u>	<u>\$(22,971,337)</u>	<u>\$ (22,884)</u>	<u>\$ 138,618,721</u>
Depreciation expense was charged to functions as follows:				
General governmental services				\$ 377,934
Highways and streets				23,789,771
Culture and recreation				21,711
Public safety				326,581
Health				<u>96,805</u>
Governmental activities depreciation expense				<u>\$ 24,612,802</u>

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	\$ 247,721	\$ 75,136	\$ -	\$ 322,857
Total capital assets, not being depreciated	<u>247,721</u>	<u>75,136</u>	<u>-</u>	<u>322,857</u>
Capital assets, being depreciated:				
Buildings	867,479	45,041	-	912,520
Improvements other than buildings	818,430	10,925	-	829,355
Machinery and equipment	<u>1,609,500</u>	<u>-</u>	<u>-</u>	<u>1,609,500</u>
Total capital assets, being depreciated	<u>3,295,409</u>	<u>55,966</u>	<u>-</u>	<u>3,351,375</u>
Less accumulated depreciation for:				
Buildings	(294,539)	(22,156)	-	(316,695)
Improvements other than buildings	(304,604)	(41,291)	-	(345,895)
Machinery and equipment	<u>(1,157,545)</u>	<u>(87,069)</u>	<u>-</u>	<u>(1,244,614)</u>
Total accumulated depreciation	<u>(1,756,688)</u>	<u>(150,516)</u>	<u>-</u>	<u>(1,907,204)</u>
Total capital assets, being depreciated, net	<u>1,538,721</u>	<u>(94,550)</u>	<u>-</u>	<u>1,444,171</u>
Business-type activities capital assets, net	<u>\$ 1,786,442</u>	<u>\$ (19,414)</u>	<u>\$ -</u>	<u>\$ 1,767,028</u>

Depreciation expense was charged to functions as follows:

Solid Waste	<u>\$ 150,516</u>
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Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 7 – LEASES:

Operating Leases

Public Defender – On September 10, 2002, the County entered into an agreement to lease a portion of a building for office space. Total payments made for the year ended September 30, 2010, were \$21,000. 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, 2010, were \$7,090. During fiscal year 2010, Emergency Management assumed the lease when Indigent and Charity moved out of the building.

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, 2010, were \$10,500. The County is on a month-to-month lease until the offices are moved to the current DMV building near the Prosecutor's Office on First Avenue when the DMV moves to their new location.

Ambulance District – On July 20, 2010, the County entered into an agreement to lease a building for office space. Monthly payments of \$4,500 will be due beginning April 2011. The lease expires September 30, 2011.

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 \$5,978,832. The leases are collateralized by the assets.

Future minimum annual lease payments at September 30, 2010, are:

<u>Years Ending September 30,</u>	<u>Road and Bridge</u>	<u>Federal Building</u>	<u>Calvary Building</u>	<u>EMS Priest</u>	<u>Total</u>
2011	\$ 355,667	\$ 158,061	\$ 32,400	\$ 18,716	\$ 564,844
2012	822,934	158,061	43,200	18,716	1,042,911
2013	255,645	158,061	43,200	18,716	475,622
2014	68,228	158,061	43,200	18,716	288,205
2015	-	158,061	43,200	18,716	219,977
2016-2020	-	790,305	183,600	93,580	1,067,485
2021-2023	-	<u>1,932,510</u>	-	<u>52,195</u>	<u>1,984,705</u>
Total minimum lease payments	1,502,474	3,513,120	388,800	239,355	5,643,749
Less amount representing interest	<u>(102,715)</u>	<u>(1,177,498)</u>	<u>(97,296)</u>	<u>(71,153)</u>	<u>(1,448,662)</u>
Capital lease obligations	<u>\$ 1,399,759</u>	<u>\$ 2,335,622</u>	<u>\$ 291,504</u>	<u>\$ 168,202</u>	<u>\$ 4,195,087</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, 2010, was as follows:

	Balance, October 1, 2009	Additions	Reductions	Balance, September 30, 2010	Due Within One Year
Governmental activities:					
Compensated absences	\$ 633,821	\$ -	\$ (18,200)	\$ 615,621	\$ 499,475
Leases payable	3,840,528	1,328,882	(974,323)	4,195,087	384,174
Special assessment bonds	<u>135,000</u>	<u>-</u>	<u>(135,000)</u>	<u>-</u>	<u>-</u>
Governmental activities long-term liabilities	\$ 4,609,349	\$ 1,328,882	\$ (1,127,523)	\$ 4,810,708	\$ 883,649
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type activities:					
Compensated absences	<u>\$ 32,287</u>	<u>\$ 1,161</u>	<u>\$ -</u>	<u>\$ 33,448</u>	<u>\$ -</u>
Business-type activities long-term liabilities	\$ 32,287	\$ 1,161	\$ -	\$ 33,448	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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	\$ 1,998,442
	<u> </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	\$ 1,998,442
	<u> </u>

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 10 — FUND TRANSFERS:

Individual fund transfers in and out balances at September 30, 2010, were:

	Transfers Out	Transfers In
General Governmental Services	\$ -	\$ 170,867
Road and Bridge	115,000	-
District Court	8,899	-
911	-	45,321
Health District	-	12,000
Junior College	20,000	-
Revaluation	15,000	-
Tort	15,000	-
Weeds	-	79,500
Parks	5,000	-
Justice	111,804	-
Waterways	5,000	-
Building Construction	30,000	-
Grants	-	90,352
Lid Bond Fund	14,934	-
Lid Bond Reserve	-	14,934
Ambulance District	45,321	-
Judgments	16	-
Solid Waste	27,000	-
	<u>\$ 412,974</u>	<u>\$ 412,974</u>

NOTE 11 — CONTINGENT LIABILITIES AND COMMITMENTS:

Grants

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

Lawsuits

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 11 – CONTINGENT LIABILITIES AND COMMITMENTS (continued):

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.

GASB Statement No. 32 rescinded prior standards and established new accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governmental employers. The County is in compliance with the IRC regulation. All assets and income of the County's 457 plan are held in a trust, custodial account or annuity contract as described in IRC Section 457(g) for the exclusive benefit of the plan participants and their beneficiaries. The County has no liability for losses under the plan. The assets and liabilities relating to this deferred compensation plan have been excluded in the County's financial statements.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 13 – DEFINED BENEFIT PENSION PLAN:

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

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

The contribution requirements of the County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2010, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.69% 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 \$1,415,673, \$1,456,040, \$1,388,614 for the three years ended September 30, 2010, 2009, and 2008, respectively.

NOTE 14 – RISK MANAGEMENT:

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

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

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

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

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 14 – RISK MANAGEMENT (continued):

The ICRMP 2009-2010 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, 2010, 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, 2010, 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. The outstanding balance of the bond as of September 30, 2010, was \$1,372,627.

Bonner County, Idaho

Sandpoint, Idaho

Notes to Basic Financial Statements

NOTE 16 – PRIOR PERIOD ADJUSTMENT:

The accompanying financial statements reflect an adjustment which resulted in a restatement of beginning net assets for the fund financial statements to reclassify compensated absences that were recorded in the fund financial statements. As required by GASBS No. 16, paragraph 13, as amended by GASBI No. 6, only the current portion of the liability for compensated absences should be reported in governmental funds; the remainder should be reported as a general long-term liability in the governmental activities column in the government-wide statement of net assets. As a result of the restatement, fund balance in the fund statements increased by \$513,115.

	General Fund	Justice Fund	Road and Bridge Fund	Ambulance District Fund	Other Governmental Funds	Total
Beginning fund balance, as originally reported	\$ 2,489,175	\$ 5,752,718	\$ 3,139,451	\$ (207,165)	\$ 6,170,375	\$ 17,344,554
Prior period adjustment	<u>50,083</u>	<u>238,964</u>	<u>83,820</u>	<u>29,594</u>	<u>110,654</u>	<u>513,115</u>
Beginning fund balance, as restated	<u>\$ 2,539,258</u>	<u>\$ 5,991,682</u>	<u>\$ 3,223,271</u>	<u>\$ (177,571)</u>	<u>\$ 6,281,029</u>	<u>\$ 17,857,669</u>

NOTE 17 – SUBSEQUENT EVENT:

On December 14, 2010, the County Board of Commissioners approved a resolution to fund the construction of the Juvenile Justice Facility by using \$3,000,000 of fund balance from the Justice Fund and to borrow funds from the Solid Waste Capital Improvement Fund in an amount not to exceed \$1,600,000, which is to be repaid. Construction will commence in the spring of 2011 and be completed the following spring.

SUPPLEMENTARY INFORMATION

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Governmental Funds

September 30, 2010

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total
Assets				
Cash and cash equivalents	\$ 6,404,573	\$ 250,352	\$ 84,472	\$ 6,739,397
Restricted cash	-	-	187,416	187,416
Receivables, net of allowance for uncollectibles:				
Taxes	380,186	685	-	380,871
Accounts	86,626	-	-	86,626
Interest	122	-	-	122
Due from other governments	131,693	-	-	131,693
	<u>131,693</u>	<u>-</u>	<u>-</u>	<u>131,693</u>
Total assets	\$ 7,003,200	\$ 251,037	\$ 271,888	\$ 7,526,125
	<u><u>7,003,200</u></u>	<u><u>251,037</u></u>	<u><u>271,888</u></u>	<u><u>7,526,125</u></u>
Liabilities and Fund Balances				
LIABILITIES:				
Warrants payable	\$ 498,094	\$ 50,873	\$ -	\$ 548,967
Vouchers payable	42,416	-	-	42,416
Accrued payroll	126,845	-	-	126,845
Due to other governments	18,000	-	-	18,000
Deferred revenue	383,715	671	-	384,386
Total liabilities	<u>1,069,070</u>	<u>51,544</u>	<u>-</u>	<u>1,120,614</u>
FUND BALANCES:				
Unreserved	<u>5,934,130</u>	<u>199,493</u>	<u>271,888</u>	<u>6,405,511</u>
Total liabilities and fund balances	\$ 7,003,200	\$ 251,037	\$ 271,888	\$ 7,526,125
	<u><u>7,003,200</u></u>	<u><u>251,037</u></u>	<u><u>271,888</u></u>	<u><u>7,526,125</u></u>

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Special Revenue Funds

September 30, 2010

	<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	\$ 308,735	\$ 437,599	\$ 759,865	\$ 647,507	\$ 791	\$ 1,106,414
Receivables, net of allowance for uncollectibles:						
Taxes	4,855	-	75	117,547	1,902	82,268
Accounts	1,377	-	-	419	-	30,447
Interest	-	60	-	-	-	-
Due from other governments	32,815	76,873	-	-	-	-
	<u>32,815</u>	<u>76,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 347,782</u>	<u>\$ 514,532</u>	<u>\$ 759,940</u>	<u>\$ 765,473</u>	<u>\$ 2,693</u>	<u>\$ 1,219,129</u>
Liabilities and Fund Balances						
LIABILITIES:						
Warrants payable	\$ 11,909	\$ 120,914	\$ 110,065	\$ 15,436	\$ -	\$ 81,670
Vouchers payable	-	41,670	746	-	-	-
Accrued liabilities	-	-	-	39,862	-	37,952
Due to other governments	-	-	-	-	-	-
Deferred revenue	25,501	-	74	108,575	1,778	75,811
Total liabilities	<u>37,410</u>	<u>162,584</u>	<u>110,885</u>	<u>163,873</u>	<u>1,778</u>	<u>195,433</u>
FUND BALANCES	<u>310,372</u>	<u>351,948</u>	<u>649,055</u>	<u>601,600</u>	<u>915</u>	<u>1,023,696</u>
Total liabilities and fund balances	<u>\$ 347,782</u>	<u>\$ 514,532</u>	<u>\$ 759,940</u>	<u>\$ 765,473</u>	<u>\$ 2,693</u>	<u>\$ 1,219,129</u>

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Special Revenue Funds (Continued)

September 30, 2010

	<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	\$ 460,518	\$ 35,749	\$ 604,651	\$ 233,573	\$ 189,700	\$ -
Receivables, net of allowance for uncollectibles:						
Taxes	-	15,410	-	43,580	14,591	-
Accounts	-	2,000	19,164	18,544	11,492	-
Interest	-	-	62	-	-	-
Due from other governments	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 460,518	\$ 53,159	\$ 623,877	\$ 295,697	\$ 215,783	\$ -
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Liabilities and Fund Balances						
LIABILITIES:						
Warrants payable	\$ 184	\$ 289	\$ 19,279	\$ 30,971	\$ 19,981	\$ -
Vouchers payable	-	-	-	-	-	-
Accrued liabilities	-	5,670	35,196	2,926	3,404	-
Due to other governments	-	-	18,000	-	-	-
Deferred revenue	-	25,774	-	40,290	13,506	-
	<u>-</u>	<u>25,774</u>	<u>-</u>	<u>40,290</u>	<u>13,506</u>	<u>-</u>
Total liabilities	184	31,733	72,475	74,187	36,891	-
	<u>184</u>	<u>31,733</u>	<u>72,475</u>	<u>74,187</u>	<u>36,891</u>	<u>-</u>
FUND BALANCES	<u>460,334</u>	<u>21,426</u>	<u>551,402</u>	<u>221,510</u>	<u>178,892</u>	<u>-</u>
	<u>460,334</u>	<u>21,426</u>	<u>551,402</u>	<u>221,510</u>	<u>178,892</u>	<u>-</u>
Total liabilities and fund balances	\$ 460,518	\$ 53,159	\$ 623,877	\$ 295,697	\$ 215,783	\$ -
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Special Revenue Funds (Continued)

September 30, 2010

	<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	\$ -	\$ 650,902	\$ 59,905	\$ 64,125	\$ 73,287	\$ 258,152
Receivables, net of allowance for uncollectibles:						
Taxes	5	67,999	21,970	-	-	-
Accounts	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Due from other governments	-	-	-	-	3,000	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Total assets	\$ 5	\$ 718,901	\$ 81,875	\$ 64,125	\$ 76,287	\$ 258,152
	<u><u>5</u></u>	<u><u>718,901</u></u>	<u><u>81,875</u></u>	<u><u>64,125</u></u>	<u><u>76,287</u></u>	<u><u>258,152</u></u>
Liabilities and Fund Balances						
LIABILITIES:						
Warrants payable	\$ -	\$ 10,768	\$ -	\$ 1,377	\$ 39	\$ 6,352
Vouchers payable	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Deferred revenue	5	62,825	20,324	-	-	-
Total liabilities	<u>5</u>	<u>73,593</u>	<u>20,324</u>	<u>1,377</u>	<u>39</u>	<u>6,352</u>
FUND BALANCES	<u>-</u>	<u>645,308</u>	<u>61,551</u>	<u>62,748</u>	<u>76,248</u>	<u>251,800</u>
Total liabilities and fund balances	\$ 5	\$ 718,901	\$ 81,875	\$ 64,125	\$ 76,287	\$ 258,152
	<u><u>5</u></u>	<u><u>718,901</u></u>	<u><u>81,875</u></u>	<u><u>64,125</u></u>	<u><u>76,287</u></u>	<u><u>258,152</u></u>

Bonner County, Idaho
Sandpoint, Idaho

Combining Balance Sheet -
Nonmajor Special Revenue Funds (Continued)

September 30, 2010

	<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	\$ 174,376	\$ 280,860	\$ 23,645	\$ 34,219	\$ 6,404,573
Receivables, net of allowance for uncollectibles:					
Taxes	9,984	-	-	-	380,186
Accounts	-	1,890	495	798	86,626
Interest	-	-	-	-	122
Due from other governments	19,005	-	-	-	131,693
	<u>19,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,693</u>
Total assets	\$ 203,365	\$ 282,750	\$ 24,140	\$ 35,017	\$ 7,003,200
	<u><u>203,365</u></u>	<u><u>282,750</u></u>	<u><u>24,140</u></u>	<u><u>35,017</u></u>	<u><u>7,003,200</u></u>
Liabilities and Fund Balances					
LIABILITIES:					
Warrants payable	\$ 519	\$ 67,095	\$ 540	\$ 706	\$ 498,094
Vouchers payable	-	-	-	-	42,416
Accrued liabilities	1,835	-	-	-	126,845
Due to other governments	-	-	-	-	18,000
Deferred revenue	9,252	-	-	-	383,715
Total liabilities	11,606	67,095	540	706	1,069,070
	<u>11,606</u>	<u>67,095</u>	<u>540</u>	<u>706</u>	<u>1,069,070</u>
FUND BALANCES	191,759	215,655	23,600	34,311	5,934,130
	<u>191,759</u>	<u>215,655</u>	<u>23,600</u>	<u>34,311</u>	<u>5,934,130</u>
Total liabilities and fund balances	\$ 203,365	\$ 282,750	\$ 24,140	\$ 35,017	\$ 7,003,200
	<u><u>203,365</u></u>	<u><u>282,750</u></u>	<u><u>24,140</u></u>	<u><u>35,017</u></u>	<u><u>7,003,200</u></u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total
<i>REVENUES:</i>				
Taxes	\$ 4,499,120	\$ -	\$ -	\$ 4,499,120
Licenses and permits	148,986	-	-	148,986
Intergovernmental	3,193,623	-	-	3,193,623
Charges for services	568,405	-	-	568,405
Fines	226,014	-	-	226,014
Special assessments	-	2	193,342	193,344
Interest income	219	-	11	230
Rental income	-	81,091	-	81,091
Miscellaneous	377,412	-	-	377,412
Total revenues	<u>9,013,779</u>	<u>81,093</u>	<u>193,353</u>	<u>9,288,225</u>
<i>EXPENDITURES:</i>				
Current:				
General government	3,600,116	-	-	3,600,116
Public safety	2,796,520	-	-	2,796,520
Highways and streets	439,866	-	-	439,866
Sanitation	144,644	-	-	144,644
Health	256,702	-	-	256,702
Welfare	659,285	-	-	659,285
Education	240,823	-	-	240,823
Culture and recreation	505,285	-	-	505,285
Capital outlay	229,048	224,395	-	453,443
Debt service:				
Principal	-	-	135,000	135,000
Interest and fiscal charges	-	-	60,317	60,317
Total expenditures	<u>8,872,289</u>	<u>224,395</u>	<u>195,317</u>	<u>9,292,001</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	141,490	(143,302)	(1,964)	(3,776)
<i>OTHER FINANCING SOURCES (USES):</i>				
Transfers in (out)	<u>158,258</u>	<u>(30,000)</u>	<u>-</u>	<u>128,258</u>
<i>NET CHANGE IN FUND BALANCE</i>	299,748	(173,302)	(1,964)	124,482
<i>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</i>	<u>5,634,382</u>	<u>372,795</u>	<u>273,852</u>	<u>6,281,029</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 5,934,130</u>	<u>\$ 199,493</u>	<u>\$ 271,888</u>	<u>\$ 6,405,511</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	<u>Airport</u>	<u>Grants</u>	<u>Junior College</u>	<u>Revaluation</u>	<u>Historical Society</u>	<u>District Court</u>
REVENUES:						
Taxes	\$ 48,560	\$ -	\$ 1,141	\$ 1,232,068	\$ 19,306	\$ 834,781
Licenses and permits	-	-	-	2,917	-	-
Intergovernmental	31,966	1,968,912	415,881	54,105	(337)	178,834
Charges for services	-	-	-	-	-	-
Fines	-	-	-	-	-	206,855
Interest income	-	-	-	-	-	-
Miscellaneous	57,919	-	-	-	-	175,216
Total revenues	<u>138,445</u>	<u>1,968,912</u>	<u>417,022</u>	<u>1,289,090</u>	<u>18,969</u>	<u>1,395,686</u>
EXPENDITURES:						
Current:						
General government	136,840	195,075	-	1,243,445	-	1,412,974
Public safety	-	1,393,567	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health	-	-	-	-	21,197	-
Welfare	-	-	-	-	-	-
Education	-	-	240,823	-	-	-
Culture and recreation	-	134,037	-	-	-	-
Capital outlay	6,971	64,522	-	3,440	-	57,907
Total expenditures	<u>143,811</u>	<u>1,787,201</u>	<u>240,823</u>	<u>1,246,885</u>	<u>21,197</u>	<u>1,470,881</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,366)	181,711	176,199	42,205	(2,228)	(75,195)
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	-	90,352	(20,000)	(15,000)	-	(8,899)
NET CHANGE IN FUND BALANCE	(5,366)	272,063	156,199	27,205	(2,228)	(84,094)
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>315,738</u>	<u>79,885</u>	<u>492,856</u>	<u>574,395</u>	<u>3,143</u>	<u>1,107,790</u>
FUND BALANCES, END OF YEAR	<u>\$ 310,372</u>	<u>\$ 351,948</u>	<u>\$ 649,055</u>	<u>\$ 601,600</u>	<u>\$ 915</u>	<u>\$ 1,023,696</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	Special Highway	County Fair	911	Indigent and Charity	Weeds	Veterans Memorial
<i>REVENUES:</i>						
Taxes	\$ -	\$ 147,007	\$ 540,082	\$ 497,599	\$ 152,530	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	395,500	-	-	127,568	18,194	-
Charges for services	-	-	548,415	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	219	-	-	-
Miscellaneous	-	-	2,049	101,495	6,893	-
Total revenues	<u>395,500</u>	<u>147,007</u>	<u>1,090,765</u>	<u>726,662</u>	<u>177,617</u>	<u>-</u>
<i>EXPENDITURES:</i>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	1,268,372	-	-	-
Highways and streets	439,866	-	-	-	-	-
Sanitation	-	-	-	-	144,644	-
Health	-	-	-	-	-	-
Welfare	-	-	-	659,285	-	-
Education	-	-	-	-	-	-
Culture and recreation	-	161,379	-	-	-	-
Capital outlay	-	-	56,936	581	20,463	-
Total expenditures	<u>439,866</u>	<u>161,379</u>	<u>1,325,308</u>	<u>659,866</u>	<u>165,107</u>	<u>-</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	(44,366)	(14,372)	(234,543)	66,796	12,510	-
<i>OTHER FINANCING SOURCES (USES):</i>						
Transfers in (out)	<u>-</u>	<u>-</u>	<u>45,321</u>	<u>-</u>	<u>79,500</u>	<u>-</u>
<i>NET CHANGE IN FUND BALANCE</i>	(44,366)	(14,372)	(189,222)	66,796	92,010	-
<i>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</i>	<u>504,700</u>	<u>35,798</u>	<u>740,624</u>	<u>154,714</u>	<u>86,882</u>	<u>-</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 460,334</u>	<u>\$ 21,426</u>	<u>\$ 551,402</u>	<u>\$ 221,510</u>	<u>\$ 178,892</u>	<u>\$ -</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	<u>Judgments</u>	<u>Tort</u>	<u>Health District</u>	<u>Snowmobile- Priest Lake</u>	<u>Snowmobile- Sandpoint</u>	<u>Waterways</u>
REVENUES:						
Taxes	\$ 16	\$ 696,931	\$ 226,119	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	33,423	16,986	95,660
Intergovernmental	-	-	-	-	3,000	-
Charges for services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	-	2,500	-	-	-	8,000
Total revenues	<u>16</u>	<u>699,431</u>	<u>226,119</u>	<u>33,423</u>	<u>19,986</u>	<u>103,660</u>
EXPENDITURES:						
Current:						
General government	-	600,440	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health	-	-	235,505	-	-	-
Welfare	-	-	-	-	-	-
Education	-	-	-	-	-	-
Culture and recreation	-	-	-	30,545	12,453	92,545
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>600,440</u>	<u>235,505</u>	<u>30,545</u>	<u>12,453</u>	<u>92,545</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16	98,991	(9,386)	2,878	7,533	11,115
OTHER FINANCING SOURCES (USES):						
Transfers in (out)	<u>(16)</u>	<u>(15,000)</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCE	-	83,991	2,614	2,878	7,533	6,115
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED						
	<u>-</u>	<u>561,317</u>	<u>58,937</u>	<u>59,870</u>	<u>68,715</u>	<u>245,685</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 645,308</u>	<u>\$ 61,551</u>	<u>\$ 62,748</u>	<u>\$ 76,248</u>	<u>\$ 251,800</u>

Bonner County, Idaho

Sandpoint, Idaho

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

Year Ended September 30, 2010

	<u>Parks and Recreation</u>	<u>Court Facilities</u>	<u>Court Interlock</u>	<u>Drug Court</u>	<u>Total</u>
<i>REVENUES:</i>					
Taxes	\$ 102,980	\$ -	\$ -	\$ -	\$ 4,499,120
Licenses and permits	-	-	-	-	148,986
Intergovernmental	-	-	-	-	3,193,623
Charges for services	-	19,990	-	-	568,405
Fines	-	-	6,911	12,248	226,014
Interest income	-	-	-	-	219
Miscellaneous	23,340	-	-	-	377,412
Total revenues	<u>126,320</u>	<u>19,990</u>	<u>6,911</u>	<u>12,248</u>	<u>9,013,779</u>
<i>EXPENDITURES:</i>					
Current:					
General government	-	-	-	11,342	3,600,116
Public safety	-	128,340	6,241	-	2,796,520
Highways and streets	-	-	-	-	439,866
Sanitation	-	-	-	-	144,644
Health	-	-	-	-	256,702
Welfare	-	-	-	-	659,285
Education	-	-	-	-	240,823
Culture and recreation	74,326	-	-	-	505,285
Capital outlay	18,228	-	-	-	229,048
Total expenditures	<u>92,554</u>	<u>128,340</u>	<u>6,241</u>	<u>11,342</u>	<u>8,872,289</u>
<i>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</i>	33,766	(108,350)	670	906	141,490
<i>OTHER FINANCING SOURCES (USES):</i>					
Transfers in (out)	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,258</u>
<i>NET CHANGE IN FUND BALANCE</i>	28,766	(108,350)	670	906	299,748
<i>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</i>	<u>162,993</u>	<u>324,005</u>	<u>22,930</u>	<u>33,405</u>	<u>5,634,382</u>
<i>FUND BALANCES, END OF YEAR</i>	<u>\$ 191,759</u>	<u>\$ 215,655</u>	<u>\$ 23,600</u>	<u>\$ 34,311</u>	<u>\$ 5,934,130</u>

Bonner County, Idaho
Sandpoint, Idaho

Statement of Revenues - Budget and Actual -
General Fund

Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
Current	\$ 2,768,457	\$ 2,768,457	\$ 2,754,259	\$ (14,198)
Penalties and interest	-	-	6,250	6,250
REA tax	16,886	16,886	19,465	2,579
Total taxes	<u>2,785,343</u>	<u>2,785,343</u>	<u>2,779,974</u>	<u>(5,369)</u>
Licenses and permits:				
Motor vehicle licenses	271,980	271,980	287,593	15,613
Trailer house licenses	3,150	3,150	3,562	412
Recreation vehicle licenses	5,490	5,490	6,120	630
Boat licenses	8,640	8,640	11,568	2,928
Conditional use permit	14,450	14,450	6,805	(7,645)
Building licenses and permits	237,350	237,350	155,667	(81,683)
Total licenses and permits	<u>541,060</u>	<u>541,060</u>	<u>471,315</u>	<u>(69,745)</u>
Intergovernmental:				
Inventory phase-out	400,000	400,000	400,000	-
Category 58 replacement revenue	24,197	24,197	24,197	-
Liquor allocation	45,000	45,000	45,000	-
Revenue sharing	90,000	90,000	90,000	-
Extension office	500	500	500	-
Total intergovernmental	<u>559,697</u>	<u>559,697</u>	<u>559,697</u>	<u>-</u>
Charges for services:				
Recorder's fees	190,000	190,000	209,513	19,513
Planning fees	81,620	81,620	52,422	(29,198)
Treasurer's fees	18,000	18,000	35,209	17,209
Assessor's fees	22,545	22,545	25,004	2,459
Title company billings and access fees	26,710	26,710	29,556	2,846
Total charges for services	<u>338,875</u>	<u>338,875</u>	<u>351,704</u>	<u>12,829</u>
Interest:				
Interest income	<u>333,500</u>	<u>333,500</u>	<u>435,356</u>	<u>101,856</u>
Miscellaneous:				
Refunds and reimbursements	30,085	30,085	37,793	7,708
Miscellaneous	4,580	4,580	11,347	6,767
Total miscellaneous	<u>34,665</u>	<u>34,665</u>	<u>49,140</u>	<u>14,475</u>
Total general fund revenues	<u>\$ 4,593,140</u>	<u>\$ 4,593,140</u>	<u>\$ 4,647,186</u>	<u>\$ 54,046</u>

Bonner County, Idaho
Sandpoint, Idaho

Statement of Expenditures - Budget and Actual -
General Fund

Year Ended September 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Clerk - Auditor:				
General government:				
Salaries	\$ 254,067	\$ 254,067	\$ 231,200	\$ 22,867
Other services and charges	20,167	20,167	24,253	(4,086)
Capital outlay	22,300	22,300	6,520	15,780
Total clerk - auditor	<u>296,534</u>	<u>296,534</u>	<u>261,973</u>	<u>34,561</u>
Treasurer:				
General government:				
Salaries	289,202	289,202	293,747	(4,545)
Other services and charges	57,890	57,890	49,142	8,748
Capital outlay	-	-	-	-
Total treasurer	<u>347,092</u>	<u>347,092</u>	<u>342,889</u>	<u>4,203</u>
Emergency management:				
Public safety:				
Salaries	95,073	95,073	94,896	177
Other services and charges	20,413	22,359	19,291	3,068
Total emergency management	<u>115,486</u>	<u>117,432</u>	<u>114,187</u>	<u>3,245</u>
Commissioners:				
General government:				
Salaries	271,145	271,145	262,564	8,581
Other services and charges	19,500	19,500	13,798	5,702
Capital outlay	2,300	2,300	1,665	635
Total commissioners	<u>292,945</u>	<u>292,945</u>	<u>278,027</u>	<u>14,918</u>
Coroner:				
Public safety:				
Salaries	44,931	44,931	44,291	640
Other services and charges	48,560	48,560	37,281	11,279
Total coroner	<u>93,491</u>	<u>93,491</u>	<u>81,572</u>	<u>11,919</u>
Buildings and grounds:				
General government:				
Salaries	124,750	89,350	86,219	3,131
Other services and charges	96,600	132,000	131,241	759
Total buildings and grounds	<u>221,350</u>	<u>221,350</u>	<u>217,460</u>	<u>3,890</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General:				
General government:				
Benefits	\$ 908,969	\$ 911,469	\$ 728,708	\$ 182,761
Other services and charges	754,629	1,021,129	1,076,175	(55,046)
Total general	<u>1,663,598</u>	<u>1,932,598</u>	<u>1,804,883</u>	<u>127,715</u>
Extension office:				
General government:				
Salaries	84,365	82,865	64,745	18,120
Other services and charges	19,466	19,466	19,942	(476)
Total extension office	<u>103,831</u>	<u>102,331</u>	<u>84,687</u>	<u>17,644</u>
Data processing:				
General government:				
Salaries	46,409	46,409	45,032	1,377
Other services and charges	72,558	72,558	72,457	101
Capital outlay	10,000	10,000	12,652	(2,652)
Total data processing	<u>128,967</u>	<u>128,967</u>	<u>130,141</u>	<u>(1,174)</u>
Assessor – motor vehicles:				
General government:				
Salaries	241,001	241,001	227,795	13,206
Other services and charges	15,581	15,581	14,964	617
Capital outlay	1,000	1,000	606	394
Total assessor – motor vehicles	<u>257,582</u>	<u>257,582</u>	<u>243,365</u>	<u>14,217</u>
Planning:				
General government:				
Salaries	446,477	446,477	370,995	75,482
Other services and charges	101,808	101,808	53,168	48,640
Capital outlay	3,500	3,500	2,868	632
Total planning	<u>551,785</u>	<u>551,785</u>	<u>427,031</u>	<u>124,754</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Information services:				
General government:				
Other services and charges	\$ 176,454	\$ 176,454	\$ 205,331	\$ (28,877)
Capital outlay	21,000	29,000	-	29,000
Total information services	<u>197,454</u>	<u>205,454</u>	<u>205,331</u>	<u>123</u>
Personnel:				
General government:				
Salaries	54,020	54,020	52,953	1,067
Other services and charges	18,000	18,000	10,501	7,499
Capital outlay	1,700	1,700	1,262	438
Total personnel	<u>73,720</u>	<u>73,720</u>	<u>64,716</u>	<u>9,004</u>
Geographic information systems:				
General government:				
Salaries	82,255	82,255	96,557	(14,302)
Other services and charges	23,275	23,275	21,380	1,895
Capital outlay	-	-	6,456	(6,456)
Total geographic information systems	<u>105,530</u>	<u>105,530</u>	<u>124,393</u>	<u>(18,863)</u>
Debt service:				
Principal	86,220	86,220	78,040	8,180
Interest and fiscal charges	118,780	118,780	137,668	(18,888)
Total debt service	<u>205,000</u>	<u>205,000</u>	<u>215,708</u>	<u>(10,708)</u>
Total general fund expenditures	<u>4,654,365</u>	<u>4,931,811</u>	<u>4,596,363</u>	<u>335,448</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(61,225)	(338,671)	50,823	389,494
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>170,867</u>	<u>170,867</u>
NET CHANGE IN FUND BALANCE	(61,225)	(338,671)	221,690	560,361
FUND BALANCES, BEGINNING OF YEAR	<u>2,539,258</u>	<u>2,539,258</u>	<u>2,539,258</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,478,033</u>	<u>\$ 2,200,587</u>	<u>\$ 2,760,948</u>	<u>\$ 560,361</u>

Bonner County, Idaho
Sandpoint, Idaho

Statement of Revenues - Budget and Actual -
Justice Fund

Year Ended September 30, 2010

	Budgeted Amounts			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Justice:				
Taxes:				
Current	\$ 8,889,515	\$ 8,889,515	\$ 9,115,526	\$ 226,011
Penalties and interest	31,000	31,000	109,734	78,734
REA tax	63,313	63,313	62,787	(526)
Total taxes	<u>8,983,828</u>	<u>8,983,828</u>	<u>9,288,047</u>	<u>304,219</u>
Licenses and permits:				
Drivers licenses	80,000	80,000	67,605	(12,395)
Boat licenses	135,000	135,000	95,660	(39,340)
Beer and liquor licenses	20,500	20,500	24,209	3,709
Other licenses and permits	8,800	8,800	5,384	(3,416)
Total licenses and permits	<u>244,300</u>	<u>244,300</u>	<u>192,858</u>	<u>(51,442)</u>
Intergovernmental:				
State revenue sharing	800,000	800,000	634,718	(165,282)
Payment in lieu of taxes	289,913	289,913	367,321	77,408
Kootenai	1,200	1,200	1,200	-
Oldtown services	3,600	3,600	3,600	-
Army Corps of Engineers	75,000	75,000	102,165	27,165
FILT-I F&G	5,000	5,000	8,584	3,584
Contributions and donations	-	-	400	400
Park Corp of Engineers	18,000	18,000	24,530	6,530
Ambulance District note repay	130,460	130,460	16,321	(114,139)
Total intergovernmental	<u>1,323,173</u>	<u>1,323,173</u>	<u>1,158,839</u>	<u>(164,334)</u>
Charges for services:				
Prisoner board, transport and other fees	552,900	552,900	619,840	66,940
Processing and servicing fees	61,600	61,600	61,600	-
Fingerprinting and bonding fees	14,000	14,000	13,770	(230)
Work release and inmate labor	39,500	39,500	35,377	(4,123)
Sheriff's sale proceeds	-	-	50	50
Other	39,000	39,000	31,017	(7,983)
Total charges for services	<u>707,000</u>	<u>707,000</u>	<u>761,654</u>	<u>54,654</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Justice (continued):				
Miscellaneous:				
Pay phone commissions	\$ 28,000	\$ 28,000	\$ 20,944	\$ (7,056)
ITD reinstatement	20,000	20,000	28,840	8,840
Prisoner reimbursements	25,000	25,000	37,694	12,694
Court surcharge	30,800	30,800	48,760	17,960
Public defender costs	29,000	29,000	46,652	17,652
Miscellaneous	-	-	14,310	14,310
Total miscellaneous	<u>132,800</u>	<u>132,800</u>	<u>197,200</u>	<u>64,400</u>
 Total justice fund revenues	 <u>\$ 11,391,101</u>	 <u>\$ 11,391,101</u>	 <u>\$ 11,598,598</u>	 <u>\$ 207,497</u>

Bonner County, Idaho
Sandpoint, Idaho

Statement of Expenditures - Budget and Actual -
Justice Fund

Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Justice:				
Public safety:				
Clerk:				
Salaries	\$ 647,287	\$ 647,287	\$ 616,040	\$ 31,247
Sheriff:				
Salaries	2,295,080	2,137,129	2,144,358	(7,229)
Other services and charges	384,083	433,091	597,369	(164,278)
Capital outlay	226,700	409,506	231,953	177,553
Total sheriff	2,905,863	2,979,726	2,973,680	6,046
Prosecuting attorney:				
Salaries	853,405	853,405	836,592	16,813
Other services and charges	87,898	170,865	80,191	90,674
Capital outlay	1,072	1,072	9,449	(8,377)
Total prosecuting attorney	942,375	1,025,342	926,232	99,110
Public defender:				
Salaries	317,367	317,367	309,224	8,143
Other services and charges	162,663	200,992	187,963	13,029
Capital outlay	2,450	2,450	4,589	(2,139)
Total public defender	482,480	520,809	501,776	19,033
Juvenile detention:				
Salaries	469,396	469,396	456,147	13,249
Other services and charges	159,091	159,091	129,968	29,123
Capital outlay	1,000	1,000	545	455
Total juvenile detention	629,487	629,487	586,660	42,827
General:				
Salaries	-	-	-	-
Benefits	2,514,808	2,514,808	2,186,918	327,890
Other services and charges	1,214,055	1,214,055	644,547	569,508
Capital outlay	-	-	-	-
Total general	3,728,863	3,728,863	2,831,465	897,398

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Justice (continued):				
Public safety (continued):				
Jail:				
Salaries	\$ 1,530,284	\$ 1,490,284	\$ 1,436,673	\$ 53,611
Other services and charges	374,511	414,511	458,119	(43,608)
Capital outlay	157,050	161,150	115,525	45,625
Total jail	<u>2,061,845</u>	<u>2,065,945</u>	<u>2,010,317</u>	<u>55,628</u>
Marine patrol:				
Salaries	133,798	133,798	175,452	(41,654)
Other services and charges	1,202	1,202	(42,716)	43,918
Capital outlay	-	-	-	-
Total marine patrol	<u>135,000</u>	<u>135,000</u>	<u>132,736</u>	<u>2,264</u>
Building and grounds:				
Other services and charges	<u>33,600</u>	<u>33,600</u>	<u>25,497</u>	<u>8,103</u>
Total building and grounds	<u>33,600</u>	<u>33,600</u>	<u>25,497</u>	<u>8,103</u>
Five percent statutory reserve:				
Other services and charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total justice fund expenditures	<u>11,566,800</u>	<u>11,766,059</u>	<u>10,604,403</u>	<u>1,161,656</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(175,699)	(374,958)	994,195	1,369,153
OTHER FINANCING USES:				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(111,804)</u>	<u>(111,804)</u>
NET CHANGE IN FUND BALANCE	(175,699)	(374,958)	882,391	1,257,349
FUND BALANCES, BEGINNING OF YEAR	<u>5,991,682</u>	<u>5,991,682</u>	<u>5,991,682</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,815,983</u>	<u>\$ 5,616,724</u>	<u>\$ 6,874,073</u>	<u>\$ 1,257,349</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Taxes:				
Current	\$ 3,981,779	\$ 3,981,779	\$ 3,967,745	\$ (14,034)
Penalties and interest	15,000	15,000	49,618	34,618
REA tax	37,041	37,041	35,864	(1,177)
Total taxes	<u>4,033,820</u>	<u>4,033,820</u>	<u>4,053,227</u>	<u>19,407</u>
Intergovernmental:				
Highway user revenue	1,480,000	1,480,000	1,468,258	(11,742)
Sales tax base and excess	115,000	115,000	147,596	32,596
Category 58 replacement revenue	11,026	11,026	11,026	-
Forest apportionment	723,943	723,943	622,450	(101,493)
Total intergovernmental	<u>2,329,969</u>	<u>2,329,969</u>	<u>2,249,330</u>	<u>(80,639)</u>
Miscellaneous:				
Miscellaneous	28,000	28,000	36,979	8,979
Refunds and reimbursements	15,000	15,000	818,383	803,383
Total miscellaneous	<u>43,000</u>	<u>43,000</u>	<u>855,362</u>	<u>812,362</u>
Total revenues	<u>6,406,789</u>	<u>6,406,789</u>	<u>7,157,919</u>	<u>751,130</u>
EXPENDITURES:				
Current:				
Highways and streets:				
Salaries	1,777,906	1,777,906	1,569,125	208,781
Benefits	764,315	764,315	672,452	91,863
Other services and charges	2,214,991	2,350,757	2,074,639	276,118
Total current	<u>4,757,212</u>	<u>4,892,978</u>	<u>4,316,216</u>	<u>576,762</u>
Capital outlay	<u>433,409</u>	<u>1,142,209</u>	<u>730,432</u>	<u>411,777</u>
Debt service:				
Principal	950,325	950,325	867,513	82,812
Interest and fiscal charges	61,884	61,884	61,884	-
Total debt service	<u>1,012,209</u>	<u>1,012,209</u>	<u>929,397</u>	<u>82,812</u>
Total expenditures	<u>6,202,830</u>	<u>7,047,396</u>	<u>5,976,045</u>	<u>1,071,351</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	203,959	(640,607)	1,181,874	1,822,481
OTHER FINANCING USES:				
Transfers out	-	-	(115,000)	(115,000)
NET CHANGE IN FUND BALANCE	203,959	(640,607)	1,066,874	1,707,481
FUND BALANCES, BEGINNING OF YEAR	<u>3,223,271</u>	<u>3,223,271</u>	<u>3,223,271</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,427,230</u>	<u>\$ 2,582,664</u>	<u>\$ 4,290,145</u>	<u>\$ 1,707,481</u>

Bonner County, Idaho
Sandpoint, Idaho

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

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<i>REVENUES:</i>				
Taxes:				
Current	\$ 2,646,314	\$ 2,646,314	\$ 2,836,815	\$ 190,501
Miscellaneous	-	-	2,269	2,269
Total revenues	<u>2,646,314</u>	<u>2,646,314</u>	<u>2,839,084</u>	<u>192,770</u>
<i>EXPENDITURES:</i>				
Current:				
Salaries	1,068,338	1,203,338	1,159,747	43,591
Benefits	449,895	469,895	440,765	29,130
Other services and charges	781,898	781,898	885,053	(103,155)
Total current	<u>2,300,131</u>	<u>2,455,131</u>	<u>2,485,565</u>	<u>(30,434)</u>
Capital outlay	<u>252,862</u>	<u>303,462</u>	<u>63,500</u>	<u>239,962</u>
Debt service:				
Principal	36,636	36,636	28,770	7,866
Interest	1,364	1,364	1,364	-
Total debt service	<u>38,000</u>	<u>38,000</u>	<u>30,134</u>	<u>7,866</u>
Total expenditures	<u>2,590,993</u>	<u>2,796,593</u>	<u>2,579,199</u>	<u>217,394</u>
<i>EXCESS OF REVENUES OVER</i> <i>(UNDER) EXPENDITURES</i>	55,321	(150,279)	259,885	410,164
<i>OTHER FINANCING USES:</i>				
Transfers out	<u>-</u>	<u>-</u>	<u>(45,321)</u>	<u>(45,321)</u>
<i>NET CHANGE IN FUND BALANCE</i>	55,321	(150,279)	214,564	364,843
<i>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</i>	<u>(177,571)</u>	<u>(177,571)</u>	<u>(177,571)</u>	<u>-</u>
<i>FUND BALANCES (DEFICIT), END OF YEAR</i>	<u>\$ (122,250)</u>	<u>\$ (327,850)</u>	<u>\$ 36,993</u>	<u>\$ 364,843</u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<i>REVENUES:</i>				
Charges for services:				
Fees	\$ 2,666,441	\$ 2,666,441	\$ 2,701,393	\$ 34,952
Commercial disposal	2,015,859	2,015,859	1,710,810	(305,049)
Gate	195,984	195,984	95,330	(100,654)
Total charges for services	<u>4,878,284</u>	<u>4,878,284</u>	<u>4,507,533</u>	<u>(370,751)</u>
Penalties and interest	<u>8,500</u>	<u>8,500</u>	<u>27,905</u>	<u>19,405</u>
Total revenues	<u>4,886,784</u>	<u>4,886,784</u>	<u>4,535,438</u>	<u>(351,346)</u>
<i>EXPENSES:</i>				
Salaries	648,779	648,779	607,209	41,570
Benefits	382,371	382,371	312,531	69,840
Other services and charges	3,504,001	3,504,001	2,806,146	697,855
Depreciation	-	-	150,516	(150,516)
Total expenses	<u>4,535,151</u>	<u>4,535,151</u>	<u>3,876,402</u>	<u>658,749</u>
<i>TRANSFERS IN (OUT)</i>	<u>12,000</u>	<u>12,000</u>	<u>(27,000)</u>	<u>(39,000)</u>
<i>EXCESS OF REVENUES</i> <i>OVER EXPENSES</i>	<u>\$ 363,633</u>	<u>\$ 363,633</u>	<u>\$ 632,036</u>	<u>\$ 268,403</u>