BONNER COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2025

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Independent Auditor's Report

Board of Commissioners
Bonner County, Idaho
Sandpoint, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bonner County (the County), Idaho, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bonner County, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bonner County, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bonner County, Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bonner County, Idaho's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information, schedule of County's proportionate share of the net pension liability, and schedule of County contributions on pages 7 – 12 and 55 – 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bonner County, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2026 on our consideration of Bonner County, Idaho'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bonner County, Idaho's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
June 5, 2026

Bonner County, Idaho

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended September 30, 2025

As management of Bonner County, we are pleased to present this narrative overview and analysis of the County's financial performance for the fiscal year ended September 30, 2025. This discussion is intended to assist readers in understanding the County's financial position and results of operations in comparison to the prior year.

We encourage readers to consider this information in conjunction with the County's audited financial statements and accompanying notes.

Financial Highlights

- Government-wide net position increased by approximately $10.1 million, ending the year at $83.0 million, compared to $72.98 million in FY2024.
- Governmental activities drove the increase, with a change in net position of approximately $9.46 million.
- Total governmental fund balances increased by $3.65 million, ending at $34.37 million, reflecting strong revenue performance and controlled spending.
- Property tax revenue remained the County's largest revenue source, totaling approximately $39.1 million in governmental funds.
- Solid Waste operations reported an operating loss, but overall net position increased by $1.54 million, primarily due to special assessment revenues.
- Capital investment remained strong, with over $9.3 million in capital outlay, contributing to continued infrastructure and asset improvements.

Overview of the Financial Statements

The County's financial statements are presented in three components:

1. Government-wide financial statements – Provide a broad overview of the County's overall financial position using the accrual basis of accounting.
2. Fund financial statements – Focus on individual funds using modified accrual (governmental funds) and full accrual (proprietary funds).
3. Notes to the financial statements – Provide detailed explanations and disclosures supporting the financial statements.

Government-wide Financial Analysis

Net Position (in millions):

Category	FY2025	FY2024	Change
Assets	$112.72	$119.05	+$6.33
Deferred Outflows	$5.39	$3.50	-$1.89
Total Assets & Deferred	**$118.11**	**$122.55**	**+$4.44**
Liabilities	$43.39	$32.46	-$10.93
Deferred Inflows	$2.68	$7.05	+$4.37
Total Liabilities & Deferred	**$46.07**	**$39.51**	**-$6.56**
Net Position			
Net Investment in Capital Assets	$60.76	$64.34	+$3.58
Restricted Net Position	$24.19	$26.76	+$2.57
Unrestricted (Deficit)	($12.91)	($8.06)	+$4.85
Total Net Position	**$72.04**	**$83.04**	**+$11.00**

Government-wide Financial Analysis

Net Position

Total net position increased from $72.98 million in FY2024 to $83.04 million in FY2025, reflecting continued financial strength and investment in capital assets.

Key components include:

- Net investment in capital assets: $64.34 million
- Restricted net position: Significant balances across public safety, road and bridge, EMS, and other restricted purposes
- Unrestricted net position: $(8.06) million, reflecting long-term obligations such as pension liabilities

Key Drivers of Change

- Strong revenue growth, particularly in property taxes and intergovernmental revenues
- Investment income increased significantly, reflecting higher interest earnings on pooled cash and investments

- Continued capital investment, offset by depreciation expense
- Pension-related liabilities continue to impact unrestricted net position, consistent with prior years

Governmental activities generated sufficient revenues to offset program costs and contributed significantly to the increase in overall net position.

Governmental Funds Financial Analysis

Governmental funds focus on near-term financial resources and provide insight into the County's operational performance.

Overall Performance

- Total revenues: $66.64 million
- Total expenditures: $63.12 million
- Net change in fund balances: +$3.65 million

Major Funds

- General Fund (Current Expense):
  Ended with a fund balance of $5.13 million, reflecting stable operations and improved financial position compared to FY2024.
- Justice Fund:
  Increased to $11.59 million, driven by strong property tax revenues and controlled expenditures.
- Road & Bridge Fund:
  Ended at $6.53 million, reflecting continued investment in infrastructure and maintenance.
- Grants Fund:
  Reported a deficit fund balance of ($479,023), primarily due to timing differences between expenditures and reimbursements.
- Ambulance District:
  Ended with a fund balance of $1.64 million, showing improved financial position compared to the prior year.

Overall, fund balances remain healthy across most funds, supporting operational stability and future planning.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2025, the County reported:

- Total capital assets (net): approximately $70.4 million

Key additions included:

- Road and bridge infrastructure improvements
- Equipment and facility investments
- Ongoing construction in progress projects

Long-Term Liabilities

Total long-term liabilities include:

- Net pension liability: $14.18 million
- Long-term financing: approximately $9.44 million
- Lease liabilities and compensated absences

While liabilities remain significant, they are stable and managed within the County's financial capacity.

Business-Type Activities – Solid Waste

The Solid Waste Fund continues to operate as an enterprise activity:

- Operating loss: approximately $4.04 million
- Special assessment revenue: approximately $5.7 million
- Change in net position: +$1.54 million

The operating loss reflects the cost of service delivery, while special assessments provide the primary funding mechanism for capital and operational sustainability.

Internal Service Funds (Self-Funded Insurance)

- Combined net position increased to $1.81 million
- Reported a modest net increase of approximately $156,000

These funds continue to operate in a stable manner and provide necessary support for employee health and dental benefits.

Fiduciary Activities

The County continues to act as a custodian for other taxing districts and entities:

- Additions: $55.9 million
- Deductions: $55.3 million
- Ending net position: $2.19 million

These resources are not available for County operations but reflect the County's role in tax collection and distribution.

Economic Outlook and Budget Considerations

Bonner County remains in a strong financial position heading into FY2026, with stable revenues, increasing investment income, and healthy fund balances.

However, several factors continue to influence future financial planning:

- Rising personnel and benefit costs
- Ongoing infrastructure needs, particularly in roads and public safety
- Volatility in intergovernmental revenues
- Continued pressure on operating costs due to inflation

The County will continue to focus on:

- Maintaining adequate reserves
- Strategic capital investment
- Improved cost allocation and operational efficiency
- Long-term financial sustainability

Conclusion

Bonner County's financial position improved significantly in FY2025, with growth in net position, strong fund balances, and continued investment in infrastructure and services. Management remains committed to transparency, fiscal responsibility, and long-term sustainability in serving the residents of Bonner County.

Questions

This report is intended to provide a clear understanding of Bonner County's financial condition. For additional information, please contact:

Board of County Commissioners
Bonner County Administrative Office
1500 Hwy 2, Suite 308
Sandpoint, Idaho 83864

Bonner County, Idaho
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Fair Board
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 36,559,720	$ 7,729,606	$ 44,289,326	$ 394,044
Receivables, Net:				
Taxes	1,185,773	-	1,185,773	-
Special Assessments	-	174,645	174,645	-
Interest	115,301	-	115,301	-
Fees	678	-	678	-
Accounts Receivable	204,336	69,011	273,347	16,910
Prepaid Items	282,947	-	282,947	-
Due From Other Governments	1,784,276	411,072	2,195,348	-
Total Current Assets	40,133,031	8,384,334	48,517,365	410,954
Restricted Assets:				
Deposits	99,314	-	99,314	-
Cash On Deposit with Fiscal Agent	-	664	664	-
Capital Assets:				
Land	4,847,148	518,416	5,365,564	-
Construction in Progress	4,722,553	-	4,722,553	-
Depreciable Assets, Net of Accumulated Depreciation	49,555,676	9,473,696	59,029,372	127,494
Right-of-Use Facility	1,508,775	-	1,508,775	-
Right-of-Use Equipment	368,931	4,298	373,229	8,392
Less: Accumulated Amortization	(566,224)	-	(566,224)	-
Total Capital Assets	60,436,859	9,996,410	70,433,269	135,886
Total Assets	100,669,204	18,381,408	119,050,612	546,840
Deferred Outflows				
Pension Related Items	3,352,943	149,923	3,502,866	-
Total Deferred Outflows	3,352,943	149,923	3,502,866	-
Liabilities				
Current Liabilities:				
Warrants Payable	71,084	-	71,084	19,202
Accounts Payable	2,089,713	695,618	2,785,331	-
Accrued Payroll	455,163	23,652	478,815	-
Accrued Retirement Payable	246,924	11,031	257,955	-
Accrued Interest	62,553	53,428	115,981	-
IBNR Claims Liability	302,074	-	302,074	-
Right of Use Liability, Due Within One Year	200,414	1,066	201,480	4,306
Long-Term Financing, Due Within One Year	383,278	793,402	1,176,680	-
Total Current Liabilities	3,811,203	1,578,197	5,389,400	23,508
Long-Term Liabilities:				
Compensated Absences	2,239,521	94,327	2,333,848	-
Right of Use Liability, Due After One Year	1,111,068	3,232	1,114,300	4,086
Long-Term Financing, Due After One Year	2,972,236	6,468,409	9,440,645	-
Net Pension Liability	13,571,735	606,843	14,178,578	-
Total Noncurrent Liabilities	19,894,560	7,172,811	27,067,371	4,086
Total Liabilities	23,705,763	8,751,008	32,456,771	27,594
Deferred Inflows				
Pension Related Items	6,751,826	301,899	7,053,725	-
Total Deferred Inflows	6,751,826	301,899	7,053,725	-
Net Position				
Invested in Capital Assets, Net of Related Debt	57,081,345	7,262,877	64,344,222	127,494
Restricted for:				
General Government	859,184	-	859,184	-
Public Safety	14,100,803	-	14,100,803	-
Emergency Medical Services	1,642,201	-	1,642,201	-
Road and Bridge	6,532,526	-	6,532,526	-
Weeds	54,325	-	54,325	-
Health and Welfare	77,796	-	77,796	-
Historical Society and Recreation	653,389	-	653,389	-
Debt Service		664	664	-
Self-Funded Insurance	1,810,784	-	1,810,784	-
Road Construction	1,028,142	-	1,028,142	-
Capital Outlay	241	-	241	-
Unrestricted (Deficit) Surplus	(10,276,178)	2,214,883	(8,061,295)	391,752
Total Net Position	$ 73,564,558	$ 9,478,424	$ 83,042,982	$ 519,246

The accompanying notes are an integral
part of the financial statements.

Bonner County, Idaho
Statement of Activities
For the Year Ended September 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Fair Board
Primary Government:								
Governmental Activities:								
General Government	$ 19,800,132	$ 1,548,413	$ 2,421,394	$ -	$ (15,830,325)	$ -	$ (15,830,325)	$ -
Public Safety	25,197,581	2,897,786	-	-	(22,299,795)	-	(22,299,795)	
Emergency Medical Services	4,517,626	1,977,256	-	-	(2,540,370)	-	(2,540,370)	
Road and Bridge	11,119,509	-	640,615	2,546,971	(7,931,923)	-	(7,931,923)	
Weeds	137,515	-	-	-	(137,515)	-	(137,515)	
Health	513,797	-	-	-	(513,797)	-	(513,797)	
Welfare	(3,713)	-	-	-	3,713	-	3,713	
Junior College	106,901	-	-	-	(106,901)	-	(106,901)	
Historical Society and Recreation	1,054,243	50,656	-	-	(1,003,587)	-	(1,003,587)	
Capital Outlay	(269,847)	-	-	-	269,847	-	269,847	
Amortization	170,352	-	-	-	(170,352)	-	(170,352)	
Interest on Long-Term Debt	347,053	-	-	-	(347,053)	-	(347,053)	
Total Government Activities	62,691,149	6,474,111	3,062,009	2,546,971	(50,608,058)	-	(50,608,058)	-
Business-type Activities:								
Solid Waste	10,223,913	6,051,755	-	-	-	(4,172,158)	(4,172,158)	
Total Business Activities	10,223,913	6,051,755	-	-	-	(4,172,158)	(4,172,158)	-
Total Primary Government	$ 72,915,062	$ 12,525,866	$ 3,062,009	$ 2,546,971	(50,608,058)	(4,172,158)	(54,780,216)	-
Component Units								
Fair Board	$ 700,907	$ 563,095	$ 174,447	$ -				36,635
General Revenues:								
Property Taxes					39,114,671	-	39,114,671	117,074
Special Assessments					-	5,703,731	5,703,731	-
Intergovernmental					10,474,122	-	10,474,122	-
License and Permits					1,334,680	-	1,334,680	-
Fines					138,373	-	138,373	-
Contributions to Self-Funded Insurance					5,443,440	-	5,443,440	-
Miscellaneous					1,079,682	1,524	1,081,206	73
Gain (Loss) on Sale of Asset					-	-	-	-
Investments Income					2,482,336	7,813	2,490,149	40
Transfer In (Out)					-	-	-	-
Total General Revenues and Special Items					60,067,304	5,713,068	65,780,372	117,187
Change in Net Position					9,459,246	1,540,910	11,000,156	153,822
Net Position, Beginning of Year					64,105,312	7,937,514	72,042,826	365,424
Net Position, End of Year					$ 73,564,558	$ 9,478,424	$ 83,042,982	$ 519,246

The accompanying notes are an integral
part of the financial statements.

Bonner County, Idaho
Balance Sheet -
Governmental Funds
September 30, 2025

	General	Justice	Road and Bridge	Grants	Ambulance District	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and Cash Equivalents	$ 4,511,754	$ 10,919,889	$ 7,700,443	$ 90,025	$ 1,461,310	$ 9,839,313	$ 34,522,734
Receivables, Net:							
Taxes	104,160	543,412	210,574	-	90,943	236,684	1,185,773
Interest	115,241	-	-	60	-	-	115,301
Fees	-	-	-	-	-	678	678
Accounts	-	-	1,300	-	202,942	94	204,336
Prepaid Items	121,187	298	-	277	-	96,971	218,733
Due From Other Governments	447,034	865,147	162,731	49,000	-	260,364	1,784,276
Due From Other Funds	140,610	120,897	-	-	-	266,486	527,993
Total Assets	$ 5,439,986	$ 12,449,643	$ 8,075,048	$ 139,362	$ 1,755,195	$ 10,700,590	$ 38,559,824
Liabilities							
Warrants Payable	$ -	$ -	$ -	$ -	$ 71,084	$ -	$ 71,084
Accounts Payable	91,909	108,507	1,296,234	85,341	299	419,767	2,002,057
Accrued Payroll	94,936	203,596	50,953	2,382	-	103,604	455,471
Accrued Retirement Payable	45,682	113,881	24,948	2,669	15,156	44,280	246,616
Due To Other Funds.	-	-	-	527,993	-	-	527,993
Total Liabilities	232,527	425,984	1,372,135	618,385	86,539	567,651	3,303,221
Deferred Inflows							
Deferred revenue	81,878	429,239	170,387	-	26,455	182,815	890,774
Total Deferred Inflows	81,878	429,239	170,387	-	26,455	182,815	890,774
Fund Balances							
Nonspendable	121,187	298	-	277	-	96,971	218,733
Assigned	737,997	4,503,651	1,840,308	-	-	981,000	8,062,956
Restricted For:							
General Governmental	-	-	-	-	-	4,551,877	4,551,877
Public Safety	-	7,090,471	-	-	-	2,506,383	9,596,854
Road and Bridge	-	-	4,692,218	-	-	-	4,692,218
Emergency Medical Services	-	-	-	-	1,642,201	-	1,642,201
Historical Society and Recreation	-	-	-	-	-	653,389	653,389
Health and Welfare	-	-	-	-	-	77,796	77,796
Weeds	-	-	-	-	-	54,325	54,325
Road Construction	-	-	-	-	-	1,028,142	1,028,142
Capital Projects	-	-	-	-	-	241	241
Unassigned	4,266,397	-	-	(479,300)	-	-	3,787,097
Total Fund Balances	5,125,581	11,594,420	6,532,526	(479,023)	1,642,201	9,950,124	34,365,829
Total Liabilities, Deferred Inflows, and Fund Balances	$ 5,439,986	$ 12,449,643	$ 8,075,048	$ 139,362	$ 1,755,195	$ 10,700,590	$ 38,559,824

Bonner County, Idaho
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2025

Total Fund Balances - Governmental Funds		$ 34,365,829
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:		
Land and Nondepreciable Infrastructure	$ 9,569,701	
Cost of Depreciable Capital Assets	559,190,529	
Accumulated Depreciation	(509,634,853)	
		59,125,377
Right-of-use lease assets used in governmental activities are not financial resources and therefore are not reported as assets in government funds.		
Cost of right-of-use lease assets	$ 1,877,706	
Accumulated amortization	(566,224)	
		1,311,482
Property taxes and special fees receivable will be collected this year, but are not available soon enough to pay for current period expenditures and, therefore, are deferred in the funds.		890,774
Net position of internal service funds are included in government-wide Statement of Net Position		1,810,784
Long-term liabilities, applicable to the County's governmental activities, are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
Compensated Absences	$ (2,239,521)	
Right-of-use lease liability	(1,311,482)	
Accrued Interest	(62,553)	
Long-term financing	(3,355,514)	
		(6,969,070)
The County participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	$ (13,571,735)	
Pension Related Deferred Inflows	(6,751,826)	
Pension Related Deferred Outflows	3,352,943	
		(16,970,618)
Net Position of Governmental Activities		$ 73,564,558

The accompanying notes are an integral
part of the financial statements.

Bonner County, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2025

	General	Justice	Road and Bridge	Grants	Ambulance District	Nonmajor Funds	Total Governmental Funds
Revenues							
Property Taxes	$ 3,029,535	$ 18,150,360	$ 6,710,242	$ -	$ 3,131,296	$ 8,061,262	$ 39,082,695
Intergovernmental	2,017,883	2,715,646	7,157,268	2,421,729	-	1,770,576	16,083,102
Licenses and Permits	724,415	378,816	-	-	-	231,449	1,334,680
Charges for Services	1,489,066	748,203	-	-	1,977,256	2,259,586	6,474,111
Fines	-	-	-	-	-	138,373	138,373
Investment Income	2,360,879	-	30,540	-	40,088	47,343	2,478,850
Miscellaneous	149,996	247,506	139,518	-	60,685	481,977	1,079,682
Total Revenues	9,771,774	22,240,531	14,037,568	2,421,729	5,209,325	12,990,566	66,671,493
Expenditures							
Current:							
General Government	8,730,885	-	-	-	-	4,880,552	13,611,437
Public Safety	389,319	19,612,806	-	2,177,307	-	4,532,638	26,712,070
Emergency Medical	-	-	-	-	4,613,076	-	4,613,076
Road and Bridge	-	-	13,292,471	-	-	310,783	13,603,254
Weeds	-	-	-	-	-	147,082	147,082
Health	-	-	-	-	-	513,797	513,797
Welfare	-	-	-	-	-	(3,713)	(3,713)
Junior College	-	-	-	-	-	106,901	106,901
Historical Society and Recreation	-	-	-	-	-	1,158,928	1,158,928
Capital Outlay	221,600	265,975	1,346,120	-	5,580	404,642	2,243,917
Debt Service:							
Principal	-	-	175,010	-	597,947	-	772,957
Interest	-	-	160,379	-	10,538	-	170,917
Total Expenditures	9,341,804	19,878,781	14,973,980	2,177,307	5,227,141	12,051,610	63,650,623
Excess (Deficiency) of Revenues Over Expenditures	429,970	2,361,750	(936,412)	244,422	(17,816)	938,956	3,020,870
Other Financing Sources (Uses)							
Proceeds From Long-Term Financing	-	-	-	-	500,000	130,767	630,767
Transfers In	-	-	-	-	401,000	-	401,000
Transfers (Out)	-	-	-	(401,000)	-	-	(401,000)
Total Other Financing Sources (Uses)	-	-	-	(401,000)	901,000	130,767	630,767
Net Change in Fund Balances	429,970	2,361,750	(936,412)	(156,578)	883,184	1,069,723	3,651,637
Fund Balances - Beginning	4,695,611	9,232,670	7,468,938	(322,445)	759,017	8,880,401	30,714,192
Fund Balances - Ending	$ 5,125,581	$ 11,594,420	$ 6,532,526	$ (479,023)	$ 1,642,201	$ 9,950,124	$ 34,365,829

The accompanying notes are an integral
part of the financial statements.

Bonner County, Idaho
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2025

Total Net Change in Fund Balance - Governmental Funds		$ 3,651,637
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. The cost and related accumulated depreciation, when capital assets are disposed are also not reported in the governmental funds. In the current period these amounts are:		
Capital Outlay	9,341,979	
Depreciation Expense	(4,315,478)	
Net		5,026,501
Because some property taxes and special fees will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.		31,976
Net change of internal service funds not reflected in governments funds are included in the Statement of Activities		156,473
The repayment of principal of municipal leases consumes the current financial resources of governmental funds. The repayment of principal, however, has no effect on Net Assets.		323,864
Some capital additions were financed through municipal leases payable. In governmental funds, a municipal lease payable arrangement is considered a source of financing, but in the statement of Net Position, the municipal lease obligation is reported as a liability.		(190,021)
Long-term compensated absences and other post-employment benefits 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. This amount represents the net change in long-term compensated absences and other post-employment benefits.		(63,998)
The County participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.		522,814
Change in Net Assets of Governmental Activities		$ 9,459,246

The accompanying notes are an integral part of the financial statements.

Bonner County, Idaho
Statement of Net Position - Solid Waste Fund
September 30, 2025

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 7,729,606
Special Assessments Receivable, Net	174,645
Accounts Receivable, Net	69,011
Due from Other Governments	411,072
Restricted Assets:	
Cash on Deposit with Fiscal Agent	664
Total Current Assets	8,384,998
Noncurrent Assets:	
Net Pension Asset	
Capital Assets:	
Land	518,416
Construction in Progress	-
Depreciable Assets, Net	9,473,696
Right of Use Assets	4,298
Total Noncurrent Assets	9,996,410
Total Assets	18,381,408
Deferred Outflows	
Pension Related Items	149,923
Total Deferred Outflows	149,923
Liabilities	
Current Liabilities:	
Accounts Payable	695,618
Accrued Payroll	23,652
Accrued Retirement Payable	11,031
Accrued Interest	53,428
Current Portion - Lease	1,066
Current Portion - Debt	793,402
Total Current Liabilities	1,578,197
Noncurrent Liabilities:	
Compensated Absences	94,327
Bonds and Notes Payable	6,468,409
Net Pension Liability	606,843
Lease Liability	3,232
Total Long-term Liabilities	7,172,811
Total Liabilities	8,751,008
Deferred Inflows	
Pension Related Items	301,899
Total Deferred Inflows	301,899
Net Position	
Net Investment in Capital Assets	2,730,301
Restricted for Debt Service	664
Unrestricted	6,747,459
Total Net Position	$ 9,478,424

The accompanying notes are an integral part of the financial statements.

Bonner County, Idaho

Statement of Revenues, Expenses, and Changes
in Net Position - Solid Waste Fund
For the Year Ended September 30, 2025

Operating Revenues	
Charges for Services	$ 6,051,755
Miscellaneous Income	1,524
Total Operating Revenues	6,053,279
Operating Expenses	
Salaries	1,336,888
Benefits	610,471
Other Services and Charges	7,757,372
Depreciation	383,695
Total Operating Expenses	10,088,426
Operating Income (Loss)	(4,035,147)
Nonoperating Revenues (Expenses)	
Special Assessments	5,703,731
Interest Earned	7,813
Interest Expensed	(135,487)
Total Nonoperating Revenues (Expenses)	5,576,057
Change in Net Position	1,540,910
Net Position - Beginning	7,937,514
Net Position - Ending	$ 9,478,424

The accompanying notes are an integral
part of the financial statements.

Bonner County, Idaho
Statement of Cash Flows -
Solid Waste Fund
For the Year Ended September 30, 2025

Cash Flows From Operating Activities	
Receipts from Customers	$ 5,623,699
Payments to Suppliers	(7,830,188)
Payments to Employees for Services	(2,006,642)
Net Cash Provided (Used) by Operating Activities	(4,213,131)
Cash Flows From Noncapital Financing Activities	
Special Assessments	5,687,571
Net Cash Provided (Used) by Noncapital Financing Activities	5,687,571
Cash Flows From Capital and Related Financing Activities	
Purchases and Construction of Capital Assets	(784,130)
Principal Paid on Capital Debt	(926,318)
Interest Paid on Capital Debt	(143,975)
Net Cash Used by Capital and Related Financing Activities	(1,854,423)
Cash Flows From Investing Activities	
Earnings On Investments	7,813
Net Cash Used by Investing Activities	7,813
Net Increase in Cash and Cash Equivalents	(372,170)
Cash and Cash Equivalents, Beginning	8,102,440
Cash and Cash Equivalents, Ending	$ 7,730,270
Displayed As:	
Cash and Cash Equivalents	$ 7,729,606
Cash on Deposit with Fiscal Agent	664
	$ 7,730,270

The accompanying notes are an integral part of the financial statements.

Bonner County, Idaho
Statement of Cash Flows -
Solid Waste Fund (continued)
For the Year Ended September 30, 2025

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	$ (4,035,147)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and amortization	383,871
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(18,508)
(Increase) Decrease in Due from Other Governments	(411,072)
(Increase) Decrease in Deferred Outflows - Pension	80,831
Increase (Decrease) in Accounts Payable	(72,930)
Increase (Decrease) in Other Payable	(62)
Increase (Decrease) in Accrued Payroll	(31,618)
Increase (Decrease) in Compensated Absences	17,637
Increase (Decrease) in Retirement Payable	5,887
Increase (Decrease) in Net Pension Liability	(365,553)
Increase (Decrease) in Deferred Inflows - Pension	233,533
Net Cash Provided by Operating Activities	$ (4,213,131)

The accompanying notes are an integral part of the financial statements.

Bonner County, Idaho
Statement of Net Position - Internal Service Funds
September 30, 2025

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
Assets			
Cash and Cash Equivalents	$ 1,928,356	$ 108,630	$ 2,036,986
Prepaid Items	64,214	-	64,214
Restricted Assets:			
Deposits	99,314	-	99,314
Total Assets	2,091,884	108,630	2,200,514
Liabilities			
Accounts Payable	87,656	-	87,656
IBNR Claims Liability	292,099	9,975	302,074
Total Current Liabilities	379,755	9,975	389,730
Net Position			
Restricted:			
Self-Funded Insurance	1,712,129	98,655	1,810,784
Total Net Position	$ 1,712,129	$ 98,655	$ 1,810,784

The accompanying notes are an integral part of the financial statements.

Bonner County, Idaho
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
For the Year Ended September 30, 2025

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
Operating Revenues			
Contributions - Employer	$ 4,492,271	$ 195,212	$ 4,687,483
Contributions - Employee	708,748	47,209	755,957
Total Operating Revenues	5,201,019	242,421	5,443,440
Operating Expenses			
Administrative Expenses	867,017	21,112	888,129
Medical Claims	3,282,525	-	3,282,525
Dental Claims	-	188,770	188,770
Pharmacy Claims	925,817	-	925,817
COBRA Administration Fees	5,212	-	5,212
Total Operating Expenses	5,080,571	209,882	5,290,453
Operating Income (Loss)	120,448	32,539	152,987
Nonoperating Revenues (Expenses)			
Interest Earned	3,486	-	3,486
Total Nonoperating Revenues (Expenses)	3,486	-	3,486
Change in Net Position	123,934	32,539	156,473
Net Position - Beginning	1,588,195	66,116	1,654,311
Net Position - Ending	$ 1,712,129	$ 98,655	$ 1,810,784

The accompanying notes are an integral
part of the financial statements.

Bonner County, Idaho
Statement of Cash Flows -
Internal Service Funds
For the Year Ended September 30, 2025

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
Cash Flows From Operating Activities			
Contributions	$ 5,197,533	$ 242,421	$ 5,439,954
Cash Paid For Benefits	(4,844,552)	(194,291)	(5,038,843)
Cash Paid For Administration	(872,229)	(21,112)	(893,341)
Net Cash Provided (Used) by Operating Activities	(519,248)	27,018	(492,230)
Cash Flows From Noncapital Financing Activities	-	-	-
Cash Flows From Capital and Related Financing Activities	-	-	-
Cash Flows From Investing Activities			
Earnings On Investments	3,486	-	3,486
Net Cash Used by Investing Activities	3,486	-	3,486
Net Increase in Cash and Cash Equivalents	(515,762)	27,018	(488,744)
Cash and Cash Equivalents, Beginning	2,444,118	81,612	2,525,730
Cash and Cash Equivalents, Ending	$ 1,928,356	$ 108,630	$ 2,036,986
Displayed As:			
Cash and Cash Equivalents	$ 1,928,356	$ 108,630	$ 2,036,986
	$ 1,928,356	$ 108,630	$ 2,036,986

The accompanying notes are an integral
part of the financial statements.

Bonner County, Idaho
Statement of Cash Flows -
Internal Service Funds (continued)
For the Year Ended September 30, 2025

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 120,448	$ 32,539	$ 152,987
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) Decrease in Prepaids	7,215	-	7,215
(Increase) Decrease in Deposits	(3,486)	-	(3,486)
Increase (Decrease) in Accounts Payable	(513,484)	-	(513,484)
Increase (Decrease) in IBNR Claims Liability	(129,941)	(5,521)	(135,462)
Net Cash Provided by Operating Activities	$ (519,248)	$ 27,018	$ (492,230)

The accompanying notes are an integral part of the financial statements.

Bonner County, Idaho
Statement of Fiduciary Net Position
September 30, 2025

	Custodial Funds
Assets	
Cash and Investments	$ 6,855,117
Property Taxes Receivable	1,245,729
Due from Other Governments	-
Total Assets	8,100,846
Liabilities	
Warrants and Accounts Payable	3,533,842
Due to Other Governments	2,378,534
Total Liabilities	5,912,376
Net Position	
Restricted for:	
Individuals, Organizations, or Other Governments	2,188,470
Total Net Position	$ 2,188,470

The accompanying notes are an integral
part of the financial statements.

Bonner County, Idaho
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2025

	Custodial Funds
Additions:	
Property taxes collected for other governments	$ 47,107,849
Fees collected for other governments	8,825,718
Contributions	-
Total Additions	55,933,567
Deductions:	
Taxes distributed to other governments	51,386,272
Fees distributed to other governments	3,922,343
Total Deductions	55,308,615
Change in Net Position	624,952
Net Position - Beginning	1,563,518
Net Position - Ending	$ 2,188,470

The accompanying notes are an integral
part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bonner County, Idaho (the County) was formed February 21, 1907 by an act of the Congress of the United States. The County provides the following services as provided by law: public safety, emergency medical services, road and bridge, weeds, health and social services, welfare, education, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of Bonner County, Idaho 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. The more significant of the government's accounting policies are described below.

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

- *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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Bonner County Fair Board* was created for the purpose of conducting fair activities within the County. The Fair Board is governed by a board appointed by the County Commissioners and the County is able to impose its will on the organization. The Fair Board was audited along with the County and its financial statements are presented as a discretely presented component unit.

B. Basis of Presentation

Government-Wide Statements – The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall County government, except for fiduciary activities. Both governmental activities, which are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues, and business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services, are included.

The Statement of Net Position presents the County's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets or the related debt obligations.

Restricted net position consists of net position that has constraints in place on its use externally by grant provisions or law. Assigned net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) is offset by program revenues.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable with a particular function.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Program revenues include (1) charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported, instead, as general revenues.

- Indirect expenses have been allocated to the programs which best represent the nature of the expenditures as determined by management.

Fund Financial Statements – The fund financial statements provide information about the County's funds, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- Current Expense Fund: This 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.

- Justice Fund: This fund accounts for the services and equipment used to provide for the public safety of the County.

- Road and Bridge Fund: This fund accounts for the design, construction and maintenance of the County roads.

- Grants Fund: This fund accounts for numerous grants the County receives.

- Ambulance District: This fund accounts for the revenues earned and services provided for medical care.

The County reports the following proprietary funds:

- Solid Waste Fund: This fund accounts for revenues and expenses that are related to providing solid waste disposal services to County residents. Operating revenues are comprised of all activities other than investing and capital related revenues.

- Self-Funded Medical Insurance Fund: This fund accounts for revenues and expenses that are related to providing self-funded medical expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Self-Funded Dental Insurance Fund: This fund accounts for revenues and expenses that are related to providing self-funded dental expenses.

Additionally, the County reports the following fiduciary fund types:

- Custodial Funds: These funds report resources held for other governmental agencies, taxing districts and special purpose trusts on a short-term basis in a purely custodial capacity.

C. Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. State support and grant revenues are susceptible to accrual.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenue available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Claims, judgments, and compensated absences are recognized as expenditures only to the extent they are normally expected to be paid from existing unrestricted fund balance. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under long-term financing arrangements are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the County’s policy to first apply restricted resources to such programs, followed by unrestricted resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets – Budgets are adopted on a basis consistent with governmental accounting principles. Annual appropriated budgets are adopted for the current expense, special revenue and debt service proprietary a public hearing is held.

The County Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first Monday in August, the County Clerk submits to the County Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and sources of funding. It is published publicly on or before the third week in August.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to the first Tuesday after the first Monday of September, the budget is legally adopted by the Commission.

Cash and Cash Equivalents – Cash and cash equivalents includes amounts in demand deposits and short-term investments that do not meet the definition of an investment per GASB 72. State statute and commission investment policy authorizes the County to invest in obligations of the U.S. Treasury, the State of Idaho or county, city or other taxing districts of the State of Idaho. Commercial paper, corporate bonds, repurchase agreements, and investments are stated at cost. Interest income is defined as non-operating revenue.

Statement of Cash Flows – For the purposes of the statement of cash flows, all proprietary funds are considered highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Allowance for Uncollectible Amounts – No allowance for uncollectible amounts has been deemed necessary as of September 30, 2025 except for the ambulance district that recorded an allowance of $159,517.

Encumbrances – The County does not follow the practice of encumbering funds at year-end.

Inventory – Inventory is valued at zero. All costs of expendable supplies are expensed when the supplies are purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-Term Interfund Receivables/Payables – During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These short-term receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental funds Balance Sheet. To the extent possible, these balances have been eliminated on the Statement of Net Position.

Capital Assets – Capital assets are reported at actual or estimated historical cost based on appraisals of deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

The Board of Commissioners has set a capitalization threshold of $5,000. All purchases and improvement to facilities that are not considered repairs are capitalized and depreciated using the straight-line method in the governmental and proprietary funds. Useful lives are as follows:

Buildings	40 years
Improvements other than buildings	10-20 years
Equipment	5-10 years
Infrastructure	20 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized.

Compensated absences – County employees are granted paid time off (PTO) in varying amounts. In the event of termination, an employee is reimbursed for accumulated PTO up to a maximum of 160-320 hours for employees depending on length of service. Employees are also reimbursed for up to 25% of their catastrophic sick leave account balances if they are over the age of 55 and had 5 years of continuous services. See Note 6 for more detail.

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 Position.

Deferred Revenue – Deferred revenue in the governmental funds represents property taxes receivable recorded but not collected within 60 days of the end of the accounting period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Grant Revenue – Deferred grant revenue in the Grants Fund represents grant money that has been received but not yet earned.

Unavailable Tax Revenue – Unavailable tax revenue represents the property taxes levied for 2025 that are measurable but unavailable to the County, therefore recorded as a deferred inflow of resources in both governmental fund and government-wide financial statements.

Pensions – For purposes of measuring the Net Pension (Asset) Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Restricted Resources – The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance – In the fund statements, *nonspendable* fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants or lenders) or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the current expense fund, *assigned* fund balances represent the remaining amount that is not restricted or committed. The Board of Commissioners are the body authorized to assign amounts to a specific purpose, and typically do so when a specific revenue source is received and a special revenue fund is thereby established. *Unassigned* fund balance is the residual classification for the government's current expense fund and includes all spendable amounts not contained in the other classifications. The County applies committed resources, then assigned resources, then unassigned resources when an expenditure is incurred for purposes for which all fund balance classifications are available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted balances are as follows:

- The County levies for, and receives, restricted funds for various governmental services. The County has segregated these amounts into the following functions/programs: general government, public safety, road and bridge, emergency medical services, debt service, historical society and recreation, health and welfare, weeds, self-funded insurance, road construction and capital projects.

Nonspendable balances are as follows:

- Prepaid items – Liability insurance, software licenses, etc.

Assigned balances are as follows:

- The County has assigned funds consisting of the use of fund balance to balance the 2025-2026 budget in the amount of $8,062,956.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – The County has evaluated subsequent events through the date of the audit report. This is the date the financial statements were available to be issued. The County has concluded that no material subsequent events have occurred.

<u>Adoption of New Accounting Standards</u>

The County early adopted GASB Statement No. 103, *Financial Reporting Model Improvements.* The objective of this standard is to enhance the effectiveness of the financial reporting model by making targeted improvements. The impact on the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures.

2. CASH AND INVESTMENTS

The elected State Treasurer, following Idaho Code, is authorized to sponsor an investment pool that the County voluntarily participates in. The Local Government 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 (State Pool) is managed by the State of Idaho Treasurer's office. The funds of the State 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 State 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 the Local Government 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 State Pool.

Participants have overnight availability to their funds, up to $10 million. Withdrawals of $10 million or more require three business days' notification.

Through an "Automatic Commercial Investment Sweep and Daily Repurchase Agreement" dated in December 2012 with Umpqua Bank, and a "Master Repurchase Agreement" dated in June 2015 with Mountain West Bank and a "Collateralization Program" dated in August 2013 with Wells Fargo, the County invests idle cash in repurchase agreements that are not insured by the FDIC. However, 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 Government Investment Pool is not rated.

Concentration of Credit Risk - The County's investment policy currently limits the balance of investments with a single issuer to 50% of the County's total funds. As of September 30, 2025, the following issuers hold more than 5% of the County's total portfolio: State of Idaho Investment Pool – 48%, Umpqua Bank - 33%, Mountain West Bank - 11% and Multi-Bank Securities, Inc. - 8%.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the County's depo1sits may not be available. As of September 30, 2025, the County's had no deposits in Bank that exceed the FDIC insured limit.

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 that are uninsured, unregistered, and held by Umpqua Bank, that are that are uninsured, unregistered, and held by Mountain West Bank. Umpqua Bank and Mountain West Bank are the counterparties for the repurchase agreements. However, the risk is mitigated, because the repurchase agreements are fully collateralized by U.S. Government securities, with the collateral held in trust by Federal Home Loan Bank in Umpqua Bank and Mountain West Bank's name. The Federal Home Loan Bank is an independent safekeeping agent unaffiliated with Umpqua Bank and Mountain West Bank.

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.

Account	Rating	Under 30 Days	31 - 365 Days	1 to 5 Years	Market	Percent of Total
Umpqua Bank						
Repurchase agreements						
Treasurer's account	N/A	$ 14,706,724	$ -	$ -	$ 14,706,724	28.75%
Ambulance account	N/A	1,261,310	-	-	1,261,310	2.47%
Checking accounts						
Ambulance checking	N/A	200,000	-	-	200,000	0.39%
General checking	N/A	140,000	-	-	140,000	0.27%
Fair association	N/A	178	-	-	178	0.00%
Drug Restitution	N/A	104,912	-	-	104,912	0.21%
4H	N/A	22,381	-	-	22,381	0.04%
Magistrate	N/A	380,613	-	-	380,613	0.74%
Prosecutors	N/A	343	-	-	343	0.00%
Law foundation	N/A	5,348	-	-	5,348	0.01%
Mountain West Bank						
Repurchase agreements	N/A	5,671,985	-	-	5,671,985	11.09%
Checking accounts						
Treasurer's checking	N/A	10,000	-	-	10,000	0.02%
Nationwide Retirement Solutio	N/A	139,395	-	-	139,395	0.27%
State of Idaho						
Local government						
Investment pool	N/A	-	24,618,623	-	24,618,623	48.13%
Multi-Bank Securities, Inc.		-	-			
Certificates of Deposit	N/A		498,647		498,647	0.97%
U.S. Treasury Securities	Aa1			1,750,658	1,750,658	3.42%
U.S. Government Bonds	Aa1			1,624,295	1,624,295	3.18%
Cash on Hand		9,695	-	-	9,695	0.02%
Total Cash and Investments		$ 22,652,884	$ 25,117,270	$ 3,374,953	$ 51,145,107	100.00%

The composition of the cash and investments accounts in the financial statements is as follows:

Cash on hand	$ 9,695
Bank deposits	863,775
Carrying value of investments:	
Repurchase agreements	21,640,019
LGIP	24,618,623
Nationwide	139,395
Multi-Bank Securities	3,873,600
Total cash and investments	$ 51,145,107

3. PROPERTY TAX

The County's property tax is recognized as an asset at the time the County has an enforceable legal claim to the resources (January 1st of each year) and the revenue is recognized in the period for which the taxes are levied. For FY2025, the County has recognized the 2024 levy as revenue and the tax year 2025 levy as an asset.

Tax Year 2024 Levy (FY2025 Revenue)

The market value upon which the 2024 levy was based was $18,746,066,019 for the County and Ambulance District. The market value was $14,936,509,484 for the Road and Bridge fund.

The property tax was levied in October 2024 and was due in two equal installments on December 20th and June 20th.

The total tax levy (per $100 of value) for the year was as follows:

	Percentage PER $100	Amount
County	15.31742%	$ 28,714,154
Ambulance District	1.59106%	$ 3,052,612
Road and Bridge	4.50852%	$ 6,734,158

Deferred Revenue

Total taxes receivable as of September 30, 2025	$ 1,185,773
Less: Taxes collected by November 30, 2025	(294,999)
Total deferred tax revenue	$ 890,774

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

Governmental activities:

	Balance 9/30/2024	Additions	Disposals	Balance 9/30/2025
Capital Assets Not Being Depreciated:				
Land	$ 4,847,148	$ -	$ -	$ 4,847,148
Construction in progress	12,208,647	5,567,383	(13,053,477)	4,722,553
Total Historical Cost	17,055,795	5,567,383	(13,053,477)	9,569,701
Capital Assets Being Depreciated:				
Infrastructure	466,840,401	97,694	-	466,938,095
Biological	14,000	-	-	14,000
Building and improvements	37,709,894	13,231,654	-	50,941,548
Machinery and equipment	39,200,991	2,749,394	(653,499)	41,296,886
Total Historical Cost	543,765,286	16,078,742	(653,499)	559,190,529
Less: Accumulated Depreciation				
Infrastructure	454,930,085	950,963	-	455,881,048
Biological	4,667	1,400	-	6,067
Building and improvements	22,303,654	1,275,441	-	23,579,095
Machinery and equipment	28,731,042	2,087,674	(650,073)	30,168,643
Total Acc. Depr.	505,969,448	4,315,478	(650,073)	509,634,853
Net Depreciable Assets	37,795,838	11,763,264	(3,426)	49,555,676
Governmental Activities Capital Assets - Net	$ 54,851,633	$ 17,330,647	$ (13,056,903)	$ 59,125,377

During 2025, depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 1,010,210
Public Safety	780,543
Emergency Medical Services	307,978
Road and Bridge	2,145,608
Historical Society and Recreation	71,139
	$ 4,315,478

Business-type activities:

	Balance 9/30/2024	Additions	Disposals	Balance 9/30/2025
Capital Assets Not Being Depreciated:				
Land and Infrastructure	$ 518,416	$ -	$ -	$ 518,416
Construction in progress	7,497,665	457,690	(7,955,355)	-
Total Historical Cost	8,016,081	457,690	(7,955,355)	518,416
Capital Assets Being Depreciated:				
Building and improvements	5,224,759	7,965,705	-	13,190,464
Machinery and equipment	1,587,861	309,096	-	1,896,957
Total Historical Cost	6,812,620	8,274,801	-	15,087,421
Less: Accumulated Depreciation				
Building and improvements	3,845,369	297,059	-	4,142,428
Machinery and equipment	1,384,661	86,636	-	1,471,297
Total Acc. Depr.	5,230,030	383,695	-	5,613,725
Net Depreciable Assets	1,582,590	7,891,106	-	9,473,696
Governmental Activities Capital Assets - Net	$ 9,598,671	$ 8,348,796	$ (7,955,355)	$ 9,992,112

During 2025, $383,695 depreciation expense was charged to Solid Waste.

5. RIGHT-OF-USE LEASE ASSETS/LIABILITIES

During the year ended September 30, 2025, the following changes occurred in right-of-use lease assets:

Right-of-Use Lease Assets	Balance 9/30/2024	Additions	Subtractions	Balance 9/30/2025
Facility	$ 1,508,775	$ -	$ -	$ 1,508,775
Equipment	223,567	150,796	-	374,363
Total Right-of-Use Lease Assets	1,732,342	150,796	-	1,883,138
Less: Accumulated Amortization				
Facility	297,920	91,380	-	389,300
Equipment	93,005	85,053	-	178,058
Total Accumulated Amortization	390,925	176,433	-	567,358
Total Right-of-Use Assets, net	$ 1,341,417	$ (25,637)	$ -	$ 1,315,780

During the year ended September 30, 2025, the following changes occurred in the right-of-use lease liability:

Right-of-Use Lease Liabilities	Balance 9/30/2024	Additions	Subtractions	Balance 9/30/2025	Amounts Due Within One Year
Facility	$ 1,210,855	$ -	$ (91,380)	$ 1,119,475	$ 86,300
Equipment	125,167	150,796	(79,658)	196,305	115,180
Total Right-of-Use Lease Liabilities	$ 1,336,022	$ 150,796	$ (171,038)	$ 1,315,780	$ 201,480

Future minimum annual payments as of September 30, 2025 are as follows:

Year Ending September 30,	Principal	Interest	Total Payment
2026	$ 201,480	$ 26,827	$ 228,307
2027	143,818	21,793	165,611
2028	89,251	19,251	108,502
2029	87,302	17,300	104,602
2030	83,954	15,479	99,433
Thereafter	709,975	64,117	774,092
Total Future Payments	$ 1,315,780	$ 164,767	$ 1,480,547

6. COMPENSATED ABSENCES

Changes in compensated absences throughout the year are as follows:

	9/30/2024	Increase	Decrease	9/30/2025
Governmental activities	$ 2,175,523	$ 2,536,897	$ (2,472,899)	$ 2,239,521
Business-type activities	76,690	130,044	(112,407)	94,327
	$ 2,252,213	$ 2,666,941	$ (2,585,306)	$ 2,333,848

7. LONG-TERM OBLIGATIONS

The County finances various vehicles and equipment through long-term financing arrangements all of which are payable for from governmental funds. The long-term financing arrangements are arranged through agreements with various banks and financing institutions.

Changes in long-term obligations for the year ended September 30, 2025, are as follows:

Description	Maturity	Rate	9/30/2024	Increase	Decrease	9/30/2025	Current Portion
Governmental Activities:							
2021 CAT 140 AWD Motor Grader	2026	3.17%	$ 118,467	$ -	$ (10,000)	$ 108,467	$ 112,422
2 - 2022 John Deere 772 Grader	2027	3.99%	602,196	-	(34,994)	567,202	36,754
4 - 2109 AEV Traumahawk	2027	3.16%	302,260	-	(97,700)	204,560	100,938
2022 John Deere 772 GP	2028	4.55%	316,650	-	(16,650)	300,000	17,457
2023 CAT 140 Motor Grader	2029	4.99%	326,799	-	(12,949)	313,850	16,458
6 - 2023 CAT 140 Motor Graders	2029	5.25%	1,955,668	-	(94,233)	1,861,435	99,249
Umpqua - Revenue Anticipation Note	2025		-	500,000	(500,000)	-	-
			$ 3,622,040	$ 500,000	$ (766,526)	$ 3,355,514	$ 383,278
Business-type Activities:							
USDA Loan	2034	1.75%	$ 8,137,000	$ -	$ (901,125)	$ 7,235,875	$ 751,696
Case Backhoe 580SN WT 4WD	2026	2.78%	51,129	-	(25,193)	25,936	25,936
			$ 8,188,129	$ -	$ (926,318)	$ 7,261,811	$ 777,632

Debt service requirements as of September 30, 2025, are as follows:

Year Ending September 30,	Governmental Activities Municipal Lease Principal	Governmental Activities Municipal Lease Interest	Business-type Activities Bonds and Municipal Lease Principal	Business-type Activities Bonds and Municipal Lease Interest
2026	$ 383,278	$ 161,587	$ 777,632	$ 127,359
2027	773,700	146,196	780,897	113,197
2028	392,300	114,705	794,377	99,717
2029	1,806,236	95,541	808,624	85,470
2030	-	-	822,615	71,479
2031-2035	-	-	3,277,666	139,447
	$ 3,355,514	$ 518,029	$ 7,261,811	$ 636,669

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund receivables and payables as of September 30, 2025 was as follows:

Fund	Interfund Receivable	Interfund Payable
Current Expense Fund	$ 140,610	$ -
Airport Fund	266,486	-
Justice Fund	120,897	-
Grants Fund	-	527,993
	$ 527,993	$ 527,993

The primary purpose of interfund transfers is to redistribute money as deemed appropriate by management. Operating transfers between funds occurred as follows:

Fund	Transfer Out	Transfer In
Grants Fund	$ 401,000	$ -
Ambulance District	-	401,000
	$ 401,000	$ 401,000

9. DEFERRED COMPENSATION

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. The assets and liabilities relating to this deferred compensation plan have been excluded from the County's financial statements.

10. DEFINED BENEFIT PENSION PLAN

Plan Description

Bonner County, Idaho contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for public safety. As of June 30, 2025 it was 7.18% for general employees and 10.36% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.96% for general employees and 13.48% for police and firefighters. Bonner County, Idaho’s contributions were $3,594,345 the year ended September 30, 2025.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, Bonner County, Idaho reported a liability (asset) for its proportionate share of the net pension liability (asset.) The net pension liability (asset) was measured as of June 30, 2025, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Bonner County, Idaho’s proportion of the net pension liability (asset) was based on Bonner County, Idaho’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025 Bonner County, Idaho’s proportion was 0.58633686 percent.

For the year ended September 30, 2025, Bonner County, Idaho recognized pension expense/(revenue) of $2,874,632 . At September 30, 2025, Bonner County, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,671,865	$ -
Changes in assumptions or other inputs	-	2,493,264
Net difference between projected and actual earnings on pension plan investments	-	3,644,833
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions.	5,235	915,628
Bonner County, Idaho's contributions subsequent to the measurement date	825,766	-
Total	$ 3,502,866	$7,053,725

$825,766 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2025, the beginning of the measurement period ended June 30, 2024, is 4.6 years and 4.6 for measurement period June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

For the Year Ended September 30:	PERSI
2026	$ 2,986,671
2027	(2,638,967)
2028	(2,437,829)
2029	(1,460,734)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year’s earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15%
Salary inflation	3.15%
Investment rate of return	6.55%, net of investment expense
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Females Pub-20210 Genera Tables, increased 21%
Teachers – Males Pub-2010 Teacher Tables, increased 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%
5% of Fire and Police active member deaths are assumed to be duty related.
This assumption was adopted July 1, 2021.
Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2025, is based on the results of an actuarial valuation date of July 1, 2025.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2025.

Asset Class	
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.55 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.55 percent) or 1-percentage-point higher (7.55 percent) than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Employer's proportionate share of the net pension liability (asset)	$ 34,113,731	$ 14,178,578	$ (2,107,554)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

11. SELF-FUNDED INSURANCE PLANS

Medical Insurance - Beginning October 2018, the County began partially self-insuring the cost of employee healthcare benefits. The County self-insures the first $100,000 in claims per eligible participant. The County also purchases annual stop-loss insurance coverage for all claims in excess of $100,000 per participant. An accrual for claims that have been incurred but not reported (IBNR claims liability), the claim liability is re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Changes in the County's claim liability amounts are as follows:

IBNR claims liability, beginning of year	$	422,040
Current year claims and changes in estimates		4,208,342
Claims payments		(4,338,283)
IBNR claims liability, end of year	$	292,099

Dental Insurance - Beginning October 2019, the County began self-insuring the cost of employee dental benefits. An accrual for claims that have been incurred but not reported (IBNR claims liability), the claim liability is re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Changes in the County's claim liability amounts are as follows:

IBNR claims liability, beginning of year	$	15,496
Current year claims and changes in estimates		188,770
Claims payments		(194,291)
IBNR claims liability, end of year	$	9,975

12. 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

There are two types of lawsuits which the County is presently defending. The first type involves insured claims against the County that are both defended and indemnified by the County's insurance carrier. Details involving this type of lawsuit can be obtained by contacting the County's risk manager. The County is presently self-insured for the first $500,000 per claim. The second type of lawsuit facing the County involves uninsured claims. Presently the County is not defending any significant uninsured lawsuits. Management of the County will vigorously defend against both insured and uninsured claims. Presently there are no materially significant adverse claims pending against Bonner which would be covered through self- insurance.

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.

13. RISK MANAGEMENT

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 for related expenditures.

Beginning October 2018, the County began a self-insured retention (SIR) program. The County is responsible to pay the first $500,000 (per occurrence/wrongful act/accident) of a General Liability claim and $10,000 for an auto, property, or equipment claim and the SIR program has an aggregate limit of $10,000,000.

The County employs a risk manager, in concert with the County attorney, 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 Travelers Insurance Company. Travelers is an insurance company serving private and public entities and provides insurance for, general liability, auto liability, physical damage, and public officials' insurance. Western Community (Farm Bureau) provides insurance for Bonner County property loss.

As of November 25,2025, the County had a variety of outstanding claims. Currently, there is one claim that have the potential of exceeding the SIR level.

14. TURNBULL TRUST

Harp S. Turnbull has created a testamentary trust in favor of the Bonner County Road and Bridge Department. This trust is administered by the Idaho Community Foundation which has the sole authority to distribute interest amounts it deems appropriate annually for important County road projects. The County received $176,196 during the year end September 30, 2025. The estate is not yet closed and more contributions from the trust are expected. The Board of County Commissioners is grateful for Mr. Turnbull's philanthropic kindness to the traveling public of Bonner County. The County Commissioners will utilize future revenues for important County road projects, consistent with the intent of Mr. Turnbull.

REQUIRED SUPPLEMENTARY INFORMATION

Bonner County, Idaho
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Justice Fund
For the Year Ended September 30, 2025

	Budgeted Amounts				
	Original	Amendments	Final	Actual	Variance
Revenues					
Taxes	$ 18,112,863	$ -	$ 18,112,863	$ 18,150,360	$ 37,497
Intergovernmental	1,915,000	-	1,915,000	2,715,646	800,646
Licenses and Permits	347,000	-	347,000	378,816	31,816
Charges for Services	611,500	-	611,500	748,203	136,703
Miscellaneous	133,100	-	133,100	247,506	114,406
Total Revenues	21,119,463	-	21,119,463	22,240,531	1,121,068
Expenditures					
Current:					
Public Safety	23,610,052	(110,603)	23,499,449	19,612,806	3,886,643
Capital Outlay	327,320	213,378	540,698	265,975	274,723
Total Expenditures	23,937,372	102,775	24,040,147	19,878,781	4,161,366
Net Change in Fund Balances	(2,817,909)	(102,775)	(2,920,684)	2,361,750	5,282,434
Fund Balances - Beginning	2,817,909	102,775	2,920,684	9,232,670	6,311,986
Fund Balances - Ending	$ -	$ -	$ -	$ 11,594,420	$ 11,594,420

Bonner County, Idaho
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Road and Bridge Fund
For the Year Ended September 30, 2025

	Budgeted Amounts				
	Original	Amendments	Final	Actual	Variance
Revenues					
Taxes	$ 6,754,981	$ (986)	$ 6,753,995	$ 6,710,242	$ (43,753)
Intergovernmental	4,560,026	-	4,560,026	7,157,268	2,597,242
Interest Income	-	-	-	30,540	30,540
Miscellaneous	58,500	-	58,500	139,518	81,018
Total Revenues	11,373,507	(986)	11,372,521	14,037,568	2,665,047
Expenditures					
Current:					
Roads and Bridge	11,548,507	4,451,570	16,000,077	13,292,471	2,707,606
Capital Outlay	250,000	1,136,172	1,386,172	1,346,120	40,052
Debt Service:					
Principal	214,000	-	214,000	175,010	38,990
Interest	161,000	-	161,000	160,379	621
Total Expenditures	12,173,507	5,587,742	17,761,249	14,973,980	2,787,269
Net Change in Fund Balances	(800,000)	(5,588,728)	(6,388,728)	(936,412)	5,452,316
Fund Balances - Beginning	800,000	5,588,728	6,388,728	7,468,938	1,080,210
Fund Balances - Ending	$ -	$ -	$ -	$ 6,532,526	$ 6,532,526

Bonner County, Idaho
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Grants Fund
For the Year Ended September 30, 2025

	Budgeted Amounts				
	Original	Amendments	Final	Actual	Variance
Revenues					
Intergovernmental	$ 3,400,000	$ -	$ 3,400,000	$ 2,421,729	$ (978,271)
Total Revenues	3,400,000	-	3,400,000	2,421,729	(978,271)
Expenditures					
Current:					
Public Safety	3,000,000	-	3,000,000	2,177,307	822,693
Total Expenditures	3,000,000	-	3,000,000	2,177,307	822,693
Excess (Deficiency) of Revenues Over Expenditures	400,000	-	400,000	244,422	(155,578)
Other Financing Sources (Uses)					
Transfers (Out)	(400,000)	-	(400,000)	(401,000)	(1,000)
Total Other Financing Sources (Uses)	(400,000)	-	(400,000)	(401,000)	(1,000)
Net Change in Fund Balances	-	-	-	(156,578)	(156,578)
Fund Balances - Beginning	-	-	-	(322,445)	(322,445)
Fund Balances - Ending	$ -	$ -	$ -	$ (479,023)	$ (479,023)

Bonner County, Idaho
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
Ambulance District
For the Year Ended September 30, 2025

	Budgeted Amounts				
	Original	Amendments	Final	Actual	Variance
Revenues					
Taxes	$ 2,998,347	$ -	$ 2,998,347	$ 3,131,296	$ 132,949
Charges for Services	1,500,000	-	1,500,000	1,977,256	477,256
Interest Income	45,000	-	45,000	40,088	(4,912)
Miscellaneous	16,000	-	16,000	60,685	44,685
Total Revenues	4,559,347	-	4,559,347	5,209,325	649,978
Expenditures					
Current:					
Emergency Medical Expenses	4,942,870	120,000	5,062,870	4,613,076	449,794
Capital Outlay	19,000	-	19,000	5,580	13,420
Debt Service:		-			
Principal	108,566	-	108,566	597,947	(489,381)
Interest	-	-	-	10,538	(10,538)
Total Expenditures	5,070,436	120,000	5,190,436	5,227,141	(36,705)
Excess (Deficiency) of Revenues Over Expenditures	(511,089)	(120,000)	(631,089)	(17,816)	613,273
Other Financing Sources (Uses)					
Proceeds From Long-Term Financing	-	-	-	500,000	500,000
Transfers In	-	-	-	401,000	401,000
Transfers (Out)	-	(500,000)	(500,000)	-	500,000
Total Other Financing Sources (Uses)	-	(500,000)	(500,000)	901,000	1,401,000
Net Change in Fund Balances	(511,089)	(620,000)	(1,131,089)	883,184	2,014,273
Fund Balances - Beginning	511,089	620,000	1,131,089	759,017	(372,072)
Fund Balances - Ending	$ -	$ -	$ -	$ 1,642,201	$ 1,642,201

Bonner County, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2025

ACTUAL BUDGET RESULTS	General Fund over (under)	Justice Fund over (under)	Road and Bridge Fund over (under)	Grants Fund over (under)	Ambulance District over (under)
BUDGETARY REVENUES					
Variances - final budget to actual					
The County experienced an increase in revenues for intergovernmental revneu from budgeted amounts primarily due to unanticipated sales tax revenue and highway user funds. The grant fund did not receive all grant that were anticipated, causing it to be under.	$ 93,686	$ 800,646	$ 2,597,242	$ (978,271)	$ -
The County experienced an increase in revenues for property tax revenue from budgeted amounts primarily due to new levy rates for ambulance district.					132,949
The County experienced an increase in revenues for license and permits revenues from budgeted amounts primarily due to an increase in building & development permits	138,667				
The County experienced an increase in charges for service from budgeted amounts primarily due to building and administration fees in the general fund and unanticipated ambulance runs in the ambulance district.	175,583				477,256
The County experienced an increase in interest income from budgeted amounts as the County saw higher interest rates than expected.	860,879				
The County experienced an increase in miscellaneous revenue from budgeted primarily due to unanticipated revenues.	106,117				
Amendments - original budget to final budget					
There were no material amendments to the budget for revenues.					
BUDGETARY EXPENDITURES					
Variances - final budget to actual					
The County budgets for full staff of employees in all departments. The County saw some attrition during the year. This caused the County to be under budget.	(1,410,028)	(3,886,643)	(2,707,606)	(822,693)	(449,794)
The County budgets for full staff in public safety in the governmental funds but was unable to fill all positions. This caused public safety to be under budget.	(127,942)				
The County budgeted for additional IT expenses in the governmental funds and additional jail costs in the Justice fund that came in lower than expected on costs. This caused capital outlay to be under budget.	(139,023)	(274,723)			
Amendments - original budget to final budget					
During the year, the County increased the original budget to account for spending required for construction and equipment costs.	108,807	213,378	1,136,172		
During the year the County increased the original budget to account for additional road maintenance needed for the year.			4,451,570		
During the year the County increased the original budget to account for additional costs for the year in the ambulance district.					120,000

1. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to September 1, the County Clerk and the County Commissioners prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted at the County Administration building to obtain taxpayer comments.

C. Prior to October 1, the budget is legally enacted through passage of an ordinance.

D. The County is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The County, however, must follow the same budgetary procedures as they followed when the original budget was approved.

E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

F. The budgets for the General fund and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles.

G. Expenditures may not legally exceed budgeted appropriations at the fund level. The County does not use the encumbrance method of accounting.

Bonner County, Idaho
Schedule of Required Supplemental Information
Public Employees Retirement System of Idaho
Last 10 - Fiscal Years

Schedule of the County's Proportionate Share of Net Pension Liability

Year	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability	County's Covered Employee Payroll	County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0..5863369%	$ 14,178,578	$ 27,705,403	51.18%	90.89%
2024	0.6073695%	22,719,537	28,062,515	80.96%	85.54%
2023	0.6540774%	26,102,075	27,084,581	96.37%	83.83%
2022	0.6454387%	25,422,268	25,227,005	100.77%	83.09%
2021	0.6426216%	(507,529)	23,769,291	-2.14%	100.36%
2020	0.6339533%	14,721,234	22,374,323	65.80%	88.22%
2019	0.6224781%	7,105,414	20,944,598	33.92%	93.79%
2018	0.6053360%	8,928,812	19,294,118	46.28%	91.69%
2017	0.5979120%	9,398,150	18,394,362	51.09%	90.68%
2016	0.5813633%	11,785,127	16,841,635	69.98%	87.26%

Data reported is measured as of June 30, 2025

Schedule of County Contributions

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2025	$ 3,594,345	$ 3,594,345	$ -	$ 27,705,403	12.97%
2024	3,418,392	3,418,392	-	28,062,515	12.18%
2023	3,264,150	3,264,150	-	27,084,581	12.05%
2022	3,039,030	3,039,030	-	25,227,006	12.05%
2021	2,863,423	2,863,423	-	23,769,291	12.05%
2020	2,695,375	2,695,375	-	22,374,323	12.05%
2019	2,393,260	2,393,260	-	20,944,598	11.43%
2018	2,204,666	2,204,666	-	19,294,118	11.43%
2017	2,102,207	2,102,207	-	18,394,362	11.43%
2016	1,924,753	1,924,753	-	16,841,635	11.43%

Data reported is measured as of September 30, 2025

SUPPLEMENTAL INFORMATION

Bonner County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	$ 9,839,072	$ 241	$ 9,839,313
Receivables, Net:			
Taxes	236,684	-	236,684
Fees	678	-	678
Accounts	94	-	94
Prepaid Items	96,971	-	96,971
Due From Other Governments	260,364	-	260,364
Due From Other Funds	266,486	-	266,486
Total Assets	$ 10,700,349	$ 241	$ 10,700,590
Liabilities			
Accounts Payable	$ 419,767	$ -	$ 419,767
Accrued Payroll	103,604	-	103,604
Accrued Retirement Payable	44,280	-	44,280
Total Liabilities	567,651	-	567,651
Deferred Inflows			
Deferred revenue	182,815		182,815
Total Deferred Inflows	182,815	-	182,815
Fund Balances			
Nonspendable	96,971	-	96,971
Assigned	981,000	-	981,000
Restricted For:			
General Governmental	4,551,877	-	4,551,877
Public Safety	2,506,383		2,506,383
Historical Society and Recreation	653,389		653,389
Health and Welfare	77,796		77,796
Weeds	54,325		54,325
Road Construction	1,028,142		1,028,142
Capital Projects	-	241	241
Total Fund Balances	9,949,883	241	9,950,124
Total Liabilities, Deferred Inflows, and Fund Balances	$ 10,700,349	$ 241	$ 10,700,590

Bonner County, Idaho
Combining Balance Sheet - Nonmajor Special Revenue Funds
September 30, 2025

	Airport	Elections	Drug Court	District Court	County Fair
Assets					
Cash and Cash Equivalents	$ 377,813	$ 717,190	$ 130,921	$ 1,186,931	$ 218,998
Receivables, Net:					
Taxes	10,179	-	-	60,985	14,075
Fees	-	-	-	-	-
Accounts	-	-	-	-	-
Prepaid Items	450	36,500	-	277	-
Due From Other Governments	-	38,616	-	42,122	-
Due From Other Funds	266,486	-	-	-	-
Total Assets	$ 654,928	$ 792,306	$ 130,921	$ 1,290,315	$ 233,073
Liabilities					
Accounts Payable	$ 34,107	$ 642	$ 298	$ 47,851	$ -
Accrued Payroll	3,864	2,844	-	22,301	11,035
Accrued Retirement Payable	1,482	1,434	-	14,794	2,137
Total Liabilities	39,453	4,920	298	84,946	13,172
Deferred Inflows					
Deferred Revenue	8,049	-	-	48,141	11,064
Total Deferred Inflows	8,049	-	-	48,141	11,064
Fund Balances					
Nonspendable	450	36,500	-	277	-
Assigned	100,000	-	-	286,000	-
Restricted For:					
General Governmental	506,976	750,886	-	-	-
Public Safety	-	-	130,623	870,951	-
Historical Society and Recreation	-	-	-	-	208,837
Health and Welfare	-	-	-	-	-
Weeds	-	-	-	-	-
Road Construction	-	-	-	-	-
Total Fund Balances	607,426	787,386	130,623	1,157,228	208,837
Total Liabilities, Deferred Inflows, and Fund Balances	$ 654,928	$ 792,306	$ 130,921	$ 1,290,315	$ 233,073

Bonner County, Idaho
Combining Balance Sheet - Nonmajor Special Revenue Funds
September 30, 2025
(continued)

	911	Court Facility	Court Interlock Device	Health District	Historical Society
Assets					
Cash and Cash Equivalents	$ 1,340,701	$ 195,444	$ 23,334	$ 48,317	$ 5,881
Receivables, Net:					
Taxes	-	-	-	15,443	770
Fees	-	-	-	-	-
Accounts	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Due From Other Governments	51	-	-	-	-
Due From Other Funds	-	-	-	-	-
Total Assets	$ 1,340,752	$ 195,444	$ 23,334	$ 63,760	$ 6,651
Liabilities					
Accounts Payable	$ 15,037	$ -	$ -	$ -	$ -
Accrued Payroll	28,757	-	-	-	-
Accrued Retirement Payable	10,927	-	-	-	-
Total Liabilities	54,721	-	-	-	-
Deferred Inflows					
Deferred Revenue	-	-	-	12,203	613
Total Deferred Inflows	-	-	-	12,203	613
Fund Balances					
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Restricted For:					
General Governmental	-	-	-	-	-
Public Safety	1,286,031	195,444	23,334	-	-
Historical Society and Recreation	-	-	-	-	6,038
Health and Welfare	-	-	-	51,557	-
Weeds	-	-	-	-	-
Road Construction	-	-	-	-	-
Total Fund Balances	1,286,031	195,444	23,334	51,557	6,038
Total Liabilities, Deferred Inflows, and Fund Balances	$ 1,340,752	$ 195,444	$ 23,334	$ 63,760	$ 6,651

Bonner County, Idaho
Combining Balance Sheet - Nonmajor Special Revenue Funds
September 30, 2025
(continued)

	Indigent and Charity	Junior College	Revaluation	Tort	Weeds
Assets					
Cash and Cash Equivalents	$ 26,239	$ 1,114,276	$ 1,170,775	$ 1,673,818	$ 58,250
Receivables, Net:					
Taxes	-	-	68,121	55,969	4,883
Fees	-	-	-	-	-
Accounts	-	-	-	-	-
Prepaid Items	-	-	-	59,744	-
Due From Other Governments	-	80,203	-	6,404	-
Due From Other Funds	-	-	-	-	-
Total Assets	$ 26,239	$ 1,194,479	$ 1,238,896	$ 1,795,935	$ 63,133
Liabilities					
Accounts Payable	$ -	$ -	$ 234,953	$ 49,753	$ 2,828
Accrued Payroll	-	-	26,573	-	1,520
Accrued Retirement Payable	-	-	10,548	-	598
Total Liabilities	-	-	272,074	49,753	4,946
Deferred Inflows					
Deferred Revenue	-	-	49,588	44,357	3,862
Total Deferred Inflows	-	-	49,588	44,357	3,862
Fund Balances					
Nonspendable	-	-	-	59,744	-
Assigned	-	-	95,000	500,000	-
Restricted For:					
General Governmental	-	1,194,479	822,234	1,142,081	-
Public Safety	-	-	-	-	-
Historical Society and Recreation	-	-	-	-	-
Health and Welfare	26,239	-	-	-	-
Weeds	-	-	-	-	54,325
Road Construction	-	-	-	-	-
Total Fund Balances	26,239	1,194,479	917,234	1,701,825	54,325
Total Liabilities, Deferred Inflows, and Fund Balances	$ 26,239	$ 1,194,479	$ 1,238,896	$ 1,795,935	$ 63,133

Bonner County, Idaho
Combining Balance Sheet - Nonmajor Special Revenue Funds
September 30, 2025
(continued)

	Parks and Recreation	Special Highway	Snowmobile Priest Lake	Snowmobile Sandpoint	Waterways
Assets					
Cash and Cash Equivalents	$ 149,771	$ 1,043,948	$ 71,305	$ 25,107	$ 112,677
Receivables, Net:					
Taxes	6,246	-	-	-	-
Fees	-	-	-	-	-
Accounts	94	-	-	-	-
Prepaid Items	-	-	-	-	-
Due From Other Governments	-	-	58,466	34,502	-
Due From Other Funds	-	-	-	-	-
Total Assets	$ 156,111	$ 1,043,948	$ 129,771	$ 59,609	$ 112,677
Liabilities					
Accounts Payable	$ 11,118	$ 15,806	$ -	$ 68	$ 7,306
Accrued Payroll	3,399	-	-	-	3,311
Accrued Retirement Payable	1,180	-	-	-	1,180
Total Liabilities	15,697	15,806	-	68	11,797
Deferred Inflows					
Deferred Revenue	4,938	-	-	-	-
Total Deferred Inflows	4,938	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Restricted For:					
General Governmental	-	-	-	-	-
Public Safety	-	-	-	-	-
Historical Society and Recreation	135,476	-	129,771	59,541	100,880
Health and Welfare	-	-	-	-	-
Weeds	-	-	-	-	-
Road Construction	-	1,028,142	-	-	-
Total Fund Balances	135,476	1,028,142	129,771	59,541	100,880
Total Liabilities, Deferred Inflows, and Fund Balances	$ 156,111	$ 1,043,948	$ 129,771	$ 59,609	$ 112,677

Bonner County, Idaho
Combining Balance Sheet - Nonmajor Special Revenue Funds
September 30, 2025
(continued)

	Special County Projects	Drainage District	Translator District	Total
Assets				
Cash and Cash Equivalents	$ 107,523	$ 27,540	$ 12,313	$ 9,839,072
Receivables, Net:				
Taxes	-	3	10	236,684
Fees	-	155	523	678
Accounts	-	-	-	94
Prepaid Items	-	-	-	96,971
Due From Other Governments	-	-	-	260,364
Due From Other Funds	-	-	-	266,486
Total Assets	$ 107,523	$ 27,698	$ 12,846	$ 10,700,349
Liabilities				
Accounts Payable	$ -	$ -	$ -	$ 419,767
Accrued Payroll	-	-	-	103,604
Accrued Retirement Payable	-	-	-	44,280
Total Liabilities	-	-	-	567,651
Deferred Inflows				
Deferred Revenue	-	-	-	182,815
Total Deferred Inflows	-	-	-	182,815
Fund Balances				
Nonspendable	-	-	-	96,971
Assigned	-	-	-	981,000
Restricted For:				
General Governmental	107,523	27,698	-	4,551,877
Public Safety	-	-	-	2,506,383
Historical Society and Recreation	-	-	12,846	653,389
Health and Welfare	-	-	-	77,796
Weeds	-	-	-	54,325
Road Construction	-	-	-	1,028,142
Total Fund Balances	107,523	27,698	12,846	9,949,883
Total Liabilities, Deferred Inflows, and Fund Balances	$ 107,523	$ 27,698	$ 12,846	$ 10,700,349

Bonner County, Idaho
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Total Nonmajor Special Revenue Funds	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	$ 8,061,262	$ -	$ 8,061,262
Intergovernmental	1,770,576	-	1,770,576
License and Permits	231,449	-	231,449
Charges for Services	2,259,586	-	2,259,586
Fines	138,373	-	138,373
Interest Income	47,343	-	47,343
Miscellaneous	481,977	-	481,977
Total Revenues	12,990,566	-	12,990,566
Expenditures			
General Government	4,880,552	-	4,880,552
Public Safety	4,532,638	-	4,532,638
Road and Bridge	310,783	-	310,783
Weeds	147,082	-	147,082
Health	513,797	-	513,797
Welfare	(3,713)	-	(3,713)
Junior College	106,901	-	106,901
Historical Society and Recreation	1,158,928	-	1,158,928
Capital Outlay	404,642	-	404,642
Total Expenditures	12,051,610	-	12,051,610
Excess (Deficiency) of Revenues Over Expenditures	938,956	-	938,956
Other Financing Sources (Uses)			
Proceeds from lease	130,767	-	130,767
Total Other Financing Sources (Uses)	130,767	-	130,767
Net Change in Fund Balances	1,069,723	-	1,069,723
Fund Balances - Beginning	8,880,160	241	8,880,401
Fund Balances - Ending	$ 9,949,883	$ 241	$ 9,950,124

Bonner County, Idaho
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2025

	Airport	Elections	Drug Court	District Court	County Fair
Revenues					
Property Taxes	$ 401,915	$ -	$ -	$ 2,017,321	$ 463,325
Intergovernmental	-	364,157	-	454,672	-
License and Permits	-	-	-	-	-
Charges for Services	59,347	-	7,603	36,125	-
Fines	-	-	-	138,373	-
Interest Income	-	-	-	-	-
Miscellaneous	135,756	21	26,753	135,093	-
Total Revenues	597,018	364,178	34,356	2,781,584	463,325
Expenditures					
General Government	454,498	353,866	-	-	-
Public Safety	-	-	5,376	2,579,610	-
Road and Bridge	-	-	-	-	-
Weeds	-	-	-	-	-
Health	-	-	-	-	-
Welfare	-	-	-	-	-
Junior College	-	-	-	-	-
Historical Society and Recreation	-	-	-	-	594,816
Capital Outlay	106,350	1,742	-	462	-
Total Expenditures	560,848	355,608	5,376	2,580,072	594,816
Excess (Deficiency) of Revenues Over Expenditures	36,170	8,570	28,980	201,512	(131,491)
Other Financing Sources (Uses)					
Proceeds from lease	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	36,170	8,570	28,980	201,512	(131,491)
Fund Balances - Beginning	571,256	778,816	101,643	955,716	340,328
Fund Balances - Ending	$ 607,426	$ 787,386	$ 130,623	$ 1,157,228	$ 208,837

Bonner County, Idaho
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2025

	911	Court Facility	Court Interlock Device	Health District	Historical Society
Revenues					
Property Taxes	$ -	$ -	$ -	$ 499,917	$ 25,072
Intergovernmental	-	-	-	-	-
License and Permits	-	-	-	-	-
Charges for Services	2,090,984	14,871	-	-	-
Fines	-	-	-	-	-
Interest Income	43,806	-	-	-	-
Miscellaneous	-	-	3,782	-	-
Total Revenues	2,134,790	14,871	3,782	499,917	25,072
Expenditures					
General Government					
Public Safety	1,942,363	-	5,364	-	-
Road and Bridge	-	-	-	-	-
Weeds	-	-	-	-	-
Health	-	-	-	513,797	-
Welfare	-	-	-	-	-
Junior College	-	-	-	-	-
Historical Society and Recreation	-	-	-	-	25,000
Capital Outlay	123,415	-	-	-	-
Total Expenditures	2,065,778	-	5,364	513,797	25,000
Excess (Deficiency) of Revenues Over Expenditures	69,012	14,871	(1,582)	(13,880)	72
Other Financing Sources (Uses)					
Proceeds from lease	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	69,012	14,871	(1,582)	(13,880)	72
Fund Balances - Beginning	1,217,019	180,573	24,916	65,437	5,966
Fund Balances - Ending	$ 1,286,031	$ 195,444	$ 23,334	$ 51,557	$ 6,038

Bonner County, Idaho
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2025

	Indigent and Charity	Junior College	Revaluation	Tort	Weeds
Revenues					
Property Taxes	$ -	$ -	$ 2,344,925	$ 1,903,308	$ 157,202
Intergovernmental	-	413,237	208,510	-	-
License and Permits	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines	-	-	-	-	-
Interest Income	-	-	-	-	-
Miscellaneous	-	-	-	252	1,724
Total Revenues	-	413,237	2,553,435	1,903,560	158,926
Expenditures					
General Government	-	-	2,373,940	1,695,636	-
Public Safety	-	-	-	-	-
Road and Bridge	-	-	-	-	-
Weeds	-	-	-	-	147,082
Health	-	-	-	-	-
Welfare	(3,713)	-	-	-	-
Junior College	-	106,901	-	-	-
Historical Society and Recreation	-	-	-	-	-
Capital Outlay	-	-	172,673	-	-
Total Expenditures	(3,713)	106,901	2,546,613	1,695,636	147,082
Excess (Deficiency) of Revenues Over Expenditures	3,713	306,336	6,822	207,924	11,844
Other Financing Sources (Uses)					
Proceeds from lease	-	-	130,767	-	-
Total Other Financing Sources (Uses)	-	-	130,767	-	-
Net Change in Fund Balances	3,713	306,336	137,589	207,924	11,844
Fund Balances - Beginning	22,526	888,143	779,645	1,493,901	42,481
Fund Balances - Ending	$ 26,239	$ 1,194,479	$ 917,234	$ 1,701,825	$ 54,325

Bonner County, Idaho
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2025

	Parks and Recreation	Special Highway	Snowmobile Priest Lake	Snowmobile Sandpoint	Waterways
Revenues					
Property Taxes	$ 209,898	$ -	$ -	$ -	$ -
Intergovernmental	-	250,000	-	-	80,000
License and Permits	-	-	58,466	34,502	138,481
Charges for Services	50,656	-	-	-	-
Fines	-	-	-	-	-
Interest Income	-	3,537	-	-	-
Miscellaneous	-	176,196	1,500	-	900
Total Revenues	260,554	429,733	59,966	34,502	219,381
Expenditures					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Road and Bridge	-	310,783	-	-	-
Weeds	-	-	-	-	-
Health	-	-	-	-	-
Welfare	-	-	-	-	-
Junior College	-	-	-	-	-
Historical Society and Recreation	225,484	-	38,958	24,379	228,140
Capital Outlay	-	-	-	-	-
Total Expenditures	225,484	310,783	38,958	24,379	228,140
Excess (Deficiency) of Revenues Over Expenditures	35,070	118,950	21,008	10,123	(8,759)
Other Financing Sources (Uses)					
Proceeds from lease	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	35,070	118,950	21,008	10,123	(8,759)
Fund Balances - Beginning	100,406	909,192	108,763	49,418	109,639
Fund Balances - Ending	$ 135,476	$ 1,028,142	$ 129,771	$ 59,541	$ 100,880

Bonner County, Idaho
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended September 30, 2025

	Special County Projects	Drainage District	Translator District	Total
Revenues				
Property Taxes	$ -	$ 3,608	$ 34,771	$ 8,061,262
Intergovernmental	-	-	-	1,770,576
License and Permits	-	-	-	231,449
Charges for Services	-	-	-	2,259,586
Fines	-	-	-	138,373
Interest Income	-	-	-	47,343
Miscellaneous	-	-	-	481,977
Total Revenues	-	3,608	34,771	12,990,566
Expenditures				
General Government	-	2,612	-	4,880,552
Public Safety	(75)	-	-	4,532,638
Road and Bridge	-	-	-	310,783
Weeds	-	-	-	147,082
Health		-	-	513,797
Welfare	-	-	-	(3,713)
Junior College	-	-	-	106,901
Historical Society and Recreation	-	-	22,151	1,158,928
Capital Outlay	-	-	-	404,642
Total Expenditures	(75)	2,612	22,151	12,051,610
Excess (Deficiency) of Revenues Over Expenditures	75	996	12,620	938,956
Other Financing Sources (Uses)				
Proceeds from lease	-	-	-	130,767
Total Other Financing Sources (Uses)	-	-	-	130,767
Net Change in Fund Balances	75	996	12,620	1,069,723
Fund Balances - Beginning	107,448	26,702	226	8,880,160
Fund Balances - Ending	$ 107,523	$ 27,698	$ 12,846	$ 9,949,883

FEDERAL REPORTS

Bonner County, Idaho
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Program Title	Assistance Listing Number	Flowthrough Number	Program Expenditures
U.S. Department of Agriculture			
Direct			
Forest Service Schools and Roads Cluster			
Schools and Roads - Grants to Counties	10.666		$ 18,370
Total Forest Service Schools and Roads Cluster			18,370
Passed through State Department of Lands			
State & Private Forestry Hazardous Fuel Reduction Program	10.697	18-DG-11010000-011	276,209
Passed through State Department of Agriculture			294,579
U.S. Department of Justice			
Direct			
Crime Victim Assistance	16.575		134,708
Edward Byrne Memorial Justice Assistance Grant	16.738		60,777
Total U.S. Department of Justice			195,485
U.S. Department of Transportation			
Direct			
Airport Improvement Program	20.106	3-16-0058-017-2024	917,468
Total U.S. Department of Transportation			917,468
U.S. Department of Homeland Security			
Passed through State Department of Military Division			
Hazard Mitigation Grant	97.039		15,342
Total U.S. Department of Homeland Security			15,342
Total Federal Financial Assistance			$ 1,422,874

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Bonner County, Idaho under programs of the Federal Government for the year ended September 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bonner County, Idaho, it is not intended to and does not present the financial position or changes in Net Position of Bonner County, Idaho.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

Bonner County, Idaho has not elected to use the 15-percent de minims indirect cost rate.

ZJ
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Commissioners
Bonner County
Sandpoint, Idaho

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Bonner County, Idaho's basic financial statements, and have issued our report thereon dated June 5, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bonner County, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bonner County, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of Bonner County, Idaho's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. We did identify certain deficiencies in internal controls, described in the accompanying Scheduling of Findings and Questioned Costs as item 2025-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bonner County, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bonner County's Response to Findings

Bonner County, Idaho's response to the findings identified in our audit is described in the accompanying corrective action plan. Bonner County, Idaho's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
June 5, 2026

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Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

Board of Commissioners
Bonner County
Sandpoint, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bonner County, Idaho's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bonner County, Idaho's major federal programs for the year ended September 30, 2025. Bonner County, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bonner County, Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bonner County, Idaho and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bonner County, Idaho's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Bonner County, Idaho's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bonner County, Idaho's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government.

Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bonner County, Idaho's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bonner County, Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bonner County, Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Bonner County, Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance, that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
June 5, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) disclosed? ☐ yes ☑ none reported

Material weakness(es) disclosed? ☑ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☑ no

Federal Awards

Internal control over major programs:

Significant deficiency(ies) disclosed? ☐ yes ☑ none reported

Material weakness(es) disclosed? ☐ yes ☑ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☑ no

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program
20.106	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs

Dollar threshold used to distinguish between
Type A and Type B programs: $1,000,000

Auditee qualified as low risk auditee? ☐ yes ☑ no

Section II - Financial Statement Findings

2025-001 - Segregation of Duties - Bonner County Fair

Conditions
The Fair Board lacked oversight for how funds were being tracked and reported through the fiscal year.

Criteria
The Fair Board should have controls in place to make sure the funds are spent correctly and are being correctly tracked in their accounting software.

Effect or Potential Effect
The lack of oversight increases the risk of the financial statements having a material misstatement, whether due to error or fraud.

Recommendation
The Fair Board should make sure that receipts are prepared and kept for all transactions. Vendor invoices should be reviewed and approved by the Board before payments are made, as evidenced by a signature. The bank statements for the Fair Board should also be reconciled on a monthly basis. The bank statements and reconciliations should be reviewed and approved by someone that didn't do the reconciliations. The reviewed documents should be signed or initialed and dated to show evidence of approval. The Board should also review monthly reports showing that all transactions were recorded into the accounting software.

Section III - Findings and Questioned Costs for Federal Awards

No findings related to the federal awards were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).