

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**Audited Financial Statements  
For the Year Ended September 30, 2018**

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**TABLE OF CONTENTS**

|  | <u>PAGE</u> |
|--|-------------|
| <b>INTRODUCTORY SECTION</b>  |             |
| County Auditor’s Certificate.....  | i           |
| <b>FINANCIAL SECTION</b>   |             |
| <b>Independent Auditor’s Report</b> .....  | <b>1-3</b>  |
| Management’s Discussion and Analysis .....   | <b>4-12</b> |
| <b>FINANCIAL STATEMENTS</b>  |             |
| Government-Wide Financial Statements:  |             |
| Statement of Net Position.....   | <b>13</b>   |
| Statement of Activities .....  | <b>14</b>   |
| Fund Financial Statements:   |             |
| Governmental Funds – Balance Sheet .....   | <b>15</b>   |
| Reconciliation of Total Governmental Fund Balances to Net Position of<br>Governmental Activities.....  | <b>16</b>   |
| Governmental Funds – Statement of Revenues, Expenditures and Changes<br>in Fund Balances.....  | <b>17</b>   |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in<br>Fund Balances of Governmental Funds to Statement of Activities ..... | <b>18</b>   |
| General Fund – Statement of Revenues, Expenditures and Changes<br>in Fund Balance – Budget and Actual.....                                       | <b>19</b>   |
| Justice Fund – Statement of Revenues, Expenditures and Changes<br>in Fund Balance – Budget and Actual.....                                       | <b>20</b>   |
| Road and Bridge Fund – Statement of Revenues, Expenditures and Changes<br>in Fund Balance – Budget and Actual.....                               | <b>21</b>   |

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|   | <u>PAGE</u> |
|---|-------------|
| Ambulance District – Statement of Revenues, Expenditures and Changes<br>in Fund Balance – Budget and Actual.....    | 22          |
| Solid Waste Fund – Statement of Net Position.....   | 23          |
| Solid Waste Fund – Statement of Revenues, Expenses and Changes<br>in Net Position .....                             | 24          |
| Solid Waste Fund – Statement of Cash Flows.....   | 25          |
| Internal Service Fund – Statement of Net Position.....  | 26          |
| Internal Service Fund – Statement of Revenues, Expenses and Changes<br>in Net Position .....                        | 27          |
| Internal Service Fund – Statement of Cash Flows.....  | 28          |
| Fiduciary Funds – Statement of Fiduciary Net Position .....   | 29          |
| Notes to the Financial Statements.....  | 30-51       |
| <br><b>REQUIRED SUPPLEMENTARY INFORMATION</b>   |             |
| Net Pension Liability Schedules.....  | 52          |
| <br><b>SUPPLEMENTARY INFORMATION</b>  |             |
| Nonmajor Governmental Funds – Combining Balance Sheet .....   | 53          |
| Nonmajor Special Revenue Funds – Combining Balance Sheet .....  | 54-57       |
| Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures<br>and Changes in Fund Balances.....    | 58          |
| Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures<br>and Changes in Fund Balances..... | 59-62       |
| Nonmajor Special Revenue Funds – Supplemental Schedules of Revenues<br>And Expenditures – Budget and Actual .....   | 63          |

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**SINGLE AUDIT SECTION**

Schedule of Expenditures of Federal Awards ..... 64-65

Notes to Schedule of Expenditures of Federal Awards..... 66

**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* ..... 67-68**

**Independent Auditor’s Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required by the Uniform Guidance ..... 69-70**

Schedule of Findings and Questioned Costs ..... 71-72



## INTRODUCTORY SECTION



**BONNER COUNTY, IDAHO**

**COUNTY AUDITOR'S CERTIFICATE**

**For the Fiscal Year Ended September 30, 2018**

COUNTY OF BONNER  
STATE OF IDAHO

Michael Rosedale, being first duly sworn, deposes and says that he is the County Clerk of Bonner County, Idaho, that to the best of his knowledge the following is a full, true, and correct and complete statement of the financial condition of said county for the year ended September 30, 2018.



Michael Rosedale  
County Clerk

Subscribed and sworn to before me this 20<sup>th</sup> day of February 20 19.

Notary Public

Approved by the Board of Commissioners of Bonner County, Idaho in regular session this 20<sup>th</sup> day of February, 20 19.



Jeff Connolly, Commissioner



Dan McDonald, Commissioner



Steven Bradshaw, Commissioner

## FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners  
Bonner County, Idaho  
Sandpoint, Idaho 83864

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

### ***Management's Responsibility 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of September 30, 2018, and the respective changes in financial position and where applicable, cash flows, and the respective budgetary comparison for the General Fund, Justice Fund, Road and Bridge Fund, and Ambulance District, thereof and for the year ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12 and the net pension liability related schedules on page 52 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.

#### *Other Information*

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

The combining and nonmajor fund financial statements and the schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the 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 January 18, 2019 on our consideration of Bonner County's internal control over financial reporting and 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 to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bonner County's internal control over financial reporting and compliance.

*Hayden Ross, PLLC*

Moscow, Idaho  
January 18, 2019

**BONNER COUNTY, IDAHO**  
**Sandpoint, Idaho**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

As management of Bonner County, we offer readers of our financial statements this narrative overview and analysis of the financial activities of Bonner County for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented herein in conjunction with additional information that has been furnished in the accompanying *Notes to Financial Statements* which are a part of this audit report. Comparative analysis will be done on key elements of governmental funds and enterprise funds in this MD&A.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements:** These statements give a broad overview of Bonner County's finances.

The *statement of net position* (SONP) presents information on all County governmental and business-type assets, deferred outflow of resources, liabilities, and deferred inflow of resources, with the difference reported utilizing the technical phrase "net position".

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

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

The government-wide financial statements contain information relative only to Bonner County itself and none of the 54 other taxing districts and 5 urban renewal districts housed within its boundaries. They are separate political parts of the State of Idaho and are not considered political-parts of the County.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A detailed explanation of these funds can be found in Note 1 of this report. Bonner County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** - This category includes the operations for all departments except for Solid Waste.

**Proprietary Funds** - The Solid Waste operations are our only Proprietary Fund.

**Fiduciary Funds** - The Fiduciary Funds are those dollars that we hold in trust for other agencies and taxing districts.

**Notes to Financial Statements:** For an overview of Bonner County and its operations, one should refer to the *Notes to Financial Statements*, which are an integral part of this report. There, discussion is had concerning the structure of the various offices; how and why our funds are established; when we call for

budgets; how changes to a budget can be made once adopted; information concerning our long-term debt, fixed assets, and leases.

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

### **Government-wide Financial Analysis**

Bonner County is able to provide a comparative analysis of the government-wide data presented in compliance with the requirements of the Governmental Accounting Standards Board (GASB). The comparisons are found in tables throughout this section. As you examine the tables, you will find all of our activities, except Solid Waste, listed under Governmental Activities. Solid Waste information is located under the headings noted as Business-type Activities.

**Table 1 – summarizes the County's net position for 2018 compared to 2017:**

| Condensed Statements of Net Position                       |                         |                   |                          |                   |                    |                    |              |
|--|-------------------------|-------------------|--------------------------|-------------------|--------------------|--------------------|--------------|
|  | Governmental Activities |                   | Business-type Activities |                   | Total County       |                    | % Change     |
|  | 2018                    | 2017              | 2018                     | 2017              | 2018               | 2017               | 2017 to 2018 |
| Current & other assets                                     | \$54,061,560            | \$48,889,397      | \$6,029,993              | \$6,290,904       | \$60,091,553       | \$55,180,301       | 8.9%         |
| Capital assets   | 45,461,063              | 45,673,027        | 3,874,194                | 3,848,294         | 49,335,257         | \$49,521,321       | -0.4%        |
| Deferred outflows of resources                             | 2,071,105               | 1,877,926         | 106,713                  | 92,202            | 2,177,818          | \$1,970,128        | 10.5%        |
| <b>Total assets and deferred outflows of resources</b>     | <b>101,593,728</b>      | <b>96,440,350</b> | <b>10,010,900</b>        | <b>10,231,400</b> | <b>111,604,628</b> | <b>106,671,750</b> | <b>4.6%</b>  |
| Current and other liabilities                              | 4,665,195               | 2,770,092         | 1,011,162                | 381,979           | 5,676,357          | \$3,152,071        | 80.1%        |
| Noncurrent liabilities                                     | 11,760,357              | 13,078,263        | 478,256                  | 488,649           | 12,238,613         | \$13,566,912       | -9.8%        |
| Deferred inflows of resources                              | 31,634,939              | 29,992,482        | 3,024,227                | 2,713,005         | 34,659,166         | \$32,705,487       | 6.0%         |
| <b>Total liabilities and deferred inflows of resources</b> | <b>48,060,491</b>       | <b>45,840,837</b> | <b>4,513,645</b>         | <b>3,583,633</b>  | <b>52,574,136</b>  | <b>49,424,470</b>  | <b>6.4%</b>  |
| <b>Net position</b>  |                         |                   |                          |                   |                    |                    |              |
| Net investment in capital assets                           | 42,205,558              | 42,182,031        | 3,874,194                | 3,848,294         | 46,079,752         | 46,030,325         | 0.1%         |
| Restricted for:  |                         |                   |                          |                   |                    |                    |              |
| Gen. Gov.  | 2,290,184               | 1,793,029         | -                        | -                 | 2,290,184          | 1,793,029          | 27.7%        |
| Public Safety  | 6,980,747               | 5,296,760         | -                        | -                 | 6,980,747          | 5,296,760          | 31.8%        |
| Road & Bridge  | 2,311,441               | 2,572,037         | -                        | -                 | 2,311,441          | 2,572,037          | -10.1%       |
| Emergency Med. Svc.  | 2,506,499               | 1,849,628         | -                        | -                 | 2,506,499          | 1,849,628          | 35.5%        |
| Debt. Service  | -                       | -                 | 664                      | 664               | 664                | 664                | 0.0%         |
| Historical Soc. & Rec.                                     | 536,798                 | 567,782           | -                        | -                 | 536,798            | 567,782            | -5.5%        |
| Health & welfare   | 675,050                 | 820,176           | -                        | -                 | 675,050            | 820,176            | -17.7%       |
| Weeds  | 48,770                  | 138,695           | -                        | -                 | 48,770             | 138,695            | -64.8%       |
| Self funded health ins.                                    | 269,325                 | -                 | -                        | -                 | 269,325            | -                  | N/A          |
| Road Construction  | 240,824                 | 212,180           | -                        | -                 | 240,824            | 212,180            | 13.5%        |
| Capital Projects   | 80                      | 80                | -                        | -                 | 80                 | 80                 | 0.0%         |
| Unrestricted   | (4,532,039)             | (4,832,885)       | 1,622,397                | 2,798,809         | (2,909,642)        | (2,034,076)        | -43.0%       |
| <b>Total net position</b>                                  | <b>53,533,237</b>       | <b>50,599,513</b> | <b>5,497,255</b>         | <b>6,647,767</b>  | <b>59,030,492</b>  | <b>57,247,280</b>  | <b>3.1%</b>  |

As noted earlier, Bonner County's net position, when reviewed over time, may serve as a useful indicator of Bonner County's financial position. In the case of Bonner County, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$59,030,492 (\$53,533,237 in

governmental activities and \$5,497,255 in business-type activities) as of September 30, 2018. The amount of net position shown as Net Investment in Capital Assets (78.0% of net position) are capital assets used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (26.8%) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets (\$2,909,642) may be used to meet the County's ongoing obligations to citizens and creditors. The unrestricted balance is negative as of September 30, 2018 due to the county's net pension liability of \$8,928,812. This liability is long term in nature and will be paid as required by PERSI on an ongoing basis.

At the end of the current fiscal year, the County is able to report positive balances in two of the three categories of net position for the government as a whole.

**Table 2 – shows the changes in net position for 2018 and 2017:**

| Changes in Net Position          |                         |                    |                          |                    |                   |                    |                |
|----------------------------------|-------------------------|--------------------|--------------------------|--------------------|-------------------|--------------------|----------------|
|                                  | Governmental Activities |                    | Business-type Activities |                    | Total County      |                    | Total % change |
|                                  | 2018                    | 2017               | 2018                     | 2017               | 2018              | 2017               | 2017/8         |
| <b>Revenues</b>                  |                         |                    |                          |                    |                   |                    |                |
| Program revenues:                |                         |                    |                          |                    |                   |                    |                |
| Charges for services             | \$ 4,402,801            | \$ 4,581,764       | \$ 2,481,337             | \$ 2,182,790       | \$ 6,884,138      | \$ 6,764,554       | 1.8%           |
| Operating grants & contributions | 1,885,777               | 603,562            | -                        | -                  | \$ 1,885,777      | 603,562            | 212.4%         |
| Capital grants & contributions   | 597,812                 | 591,046            | -                        | -                  | \$ 597,812        | 591,046            | 1.1%           |
| General revenues:                |                         |                    |                          |                    |                   |                    |                |
| Property taxes:                  | 28,502,082              | 27,332,623         | -                        | -                  | \$ 28,502,082     | 27,332,623         | 4.3%           |
| Other taxes                      | -                       | -                  | 2,692,978                | 2,637,783          | \$ 2,692,978      | 2,637,783          | 2.1%           |
| Inter-governmental               | 8,072,576               | 7,450,108          | -                        | -                  | \$ 8,072,576      | 7,450,108          | 8.4%           |
| Other revenues                   | 3,507,911               | 2,703,220          | 9,175                    | 46,171             | \$ 3,517,086      | 2,749,391          | 27.9%          |
| <b>Total Revenues</b>            | <b>46,968,959</b>       | <b>43,262,323</b>  | <b>5,183,490</b>         | <b>4,866,744</b>   | <b>52,152,449</b> | <b>48,129,067</b>  | <b>8.4%</b>    |
| <b>Expenses</b>                  |                         |                    |                          |                    |                   |                    |                |
| General government               | 10,611,715              | 10,371,485         | -                        | -                  | \$ 10,611,715     | 10,371,485         | 2.3%           |
| Public safety                    | 20,022,906              | 20,197,305         | -                        | -                  | \$ 20,022,906     | 20,197,305         | -0.9%          |
| Emergency Med. Svc.              | 2,824,764               | 2,920,049          | -                        | -                  | \$ 2,824,764      | 2,920,049          | -3.3%          |
| Road & Bridge                    | 8,886,345               | 9,061,016          | -                        | -                  | \$ 8,886,345      | 9,061,016          | -1.9%          |
| Weeds                            | 144,317                 | 141,035            | -                        | -                  | \$ 144,317        | 141,035            | 2.3%           |
| Health                           | 254,327                 | 254,191            | -                        | -                  | \$ 254,327        | 254,191            | 0.1%           |
| Welfare                          | 244,287                 | 152,922            | -                        | -                  | \$ 244,287        | 152,922            | 59.7%          |
| Junior college                   | 202,127                 | 221,701            | -                        | -                  | \$ 202,127        | 221,701            | -8.8%          |
| Historical society & recreation  | 716,829                 | 663,703            | -                        | -                  | \$ 716,829        | 663,703            | 8.0%           |
| Capital outlay                   | 1,916                   | 540,059            | -                        | -                  | \$ 1,916          | 540,059            | -99.6%         |
| Interest on Long-term debt       | 125,702                 | 132,174            | -                        | -                  | \$ 125,702        | 132,174            | -4.9%          |
| Solid waste                      | -                       | -                  | 6,334,002                | 5,940,824          | \$ 6,334,002      | 5,940,824          | 6.6%           |
| <b>Total expenses</b>            | <b>44,035,235</b>       | <b>44,655,640</b>  | <b>6,334,002</b>         | <b>5,940,824</b>   | <b>50,369,237</b> | <b>50,596,464</b>  | <b>-0.4%</b>   |
| <b>Change in net position</b>    | <b>2,933,724</b>        | <b>(1,393,317)</b> | <b>(1,150,512)</b>       | <b>(1,074,080)</b> | <b>1,783,212</b>  | <b>(2,467,397)</b> | <b>172.3%</b>  |

## Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$4,402,801 or 9.4% of total governmental revenues. These charges are for fees for real estate transfers, fees associated with the collection of property taxes, fines and forfeitures related to judicial activity, and licenses and permits.

The County's grant revenues from federal, state and local sources made up \$2,483,589 or 5.3% of total governmental revenues.

Property tax revenues account for \$28,502,082 of the \$46,968,959 total revenues for governmental activities or 60.68% of total revenues.

The largest program was Public Safety, accounting for \$20,022,906 and representing 45.47% of total governmental expenses. Road and Bridge accounted for \$8,886,345 of the \$44,035,235 total expenses for governmental activities, or 20.18% of total expenses.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Of the total charges for services revenues of \$4,402,801, \$905,620 was received and used to fund the general government expenses of \$10,611,715 of the County. The remaining \$33,423,520 in net governmental activity costs are funded by property taxes, sales taxes, and intergovernmental revenues.

**Table 3 – summaries of the governmental activities costs of services for 2018 and 2017:**

| Condensed Statement of Activities |                        |                      |                       |                      |                      |                       |
|-----------------------------------|------------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|
|                                   | Total Cost of Services |                      |                       | Net Cost of Services |                      |                       |
|                                   | 2018                   | 2017                 | % Change<br>2017-2018 | 2018                 | 2017                 | % Change<br>2017-2018 |
| General government                | \$ 10,611,715          | \$ 10,371,485        | 2.3%                  | \$ 9,706,095         | \$ 9,243,254         | 5.0%                  |
| Public safety                     | 20,022,906             | 20,197,305           | -0.9%                 | 15,385,815           | 17,008,872           | -9.5%                 |
| Emergency Med.<br>Svc.            | 2,824,764              | 2,920,049            | -3.3%                 | 1,941,407            | 1,923,921            | 0.9%                  |
| Road & Bridge                     | 8,886,345              | 9,061,016            | -1.9%                 | 8,448,021            | 8,752,610            | -3.5%                 |
| Weeds                             | 144,317                | 141,035              | 2.3%                  | 144,317              | 116,035              | 24.4%                 |
| Health                            | 254,327                | 254,191              | 0.1%                  | 254,327              | 254,191              | 0.1%                  |
| Welfare                           | 244,287                | 152,922              | 59.7%                 | 244,287              | 152,922              | 59.7%                 |
| Junior college                    | 202,127                | 221,701              | -8.8%                 | 202,127              | 221,701              | -8.8%                 |
| Historical Society &<br>Rec.      | 716,829                | 663,703              | 8.0%                  | 694,831              | 533,529              | 30.2%                 |
| Capital outlay                    | 1,916                  | 540,059              | -99.6%                | 1,916                | 540,059              | -99.6%                |
| Interest on long-term<br>debt     | 125,702                | 132,174              | -4.9%                 | 125,702              | 132,174              | -4.9%                 |
| <b>Total Cost</b>                 | <b>\$ 44,035,235</b>   | <b>\$ 44,655,640</b> | <b>-1.4%</b>          | <b>\$ 37,148,845</b> | <b>\$ 38,879,268</b> | <b>-4.5%</b>          |

## Business-Type Activities

The net position for business-type activities decreased by \$1,150,512 during the year and the major revenue sources were charges for services of \$2,481,337.

**Governmental Funds:** The major funds include our General (Current Expense), Justice, Road and Bridge, and the Ambulance District funds. The Ambulance District increased their overall fund balance from last year.

**Proprietary Fund:** During fiscal year 2018, actual expenses exceeded revenues by \$1,150,512 for the Solid Waste fund.

## **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data presented in the governmental-wide financial statements. These notes to the financial statements can be found at the end of the audit report.

### **Capital Assets**

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

The total net capital assets decreased by \$186,064 across all funds, including Solid Waste. This amount represents book value of assets less accumulated depreciation.

### **Long-Term Debt**

Long-term liabilities are the debt incurred by the County. The debt typically has a maturity date that extends beyond a single annual reporting cycle. Additional information on long-term debt can be found in note 7 in the basic financial statements.

Please see the tables titled Condensed Statements of Net Position and Expenses and Net Cost of Governmental Activities for further detail regarding these comments. These tables are an integral part of the Managements' Discussion and Analysis report.

Bonner County has a capital lease debt related to the Administration building in the amount of \$1,342,052.

### **Budget Variations**

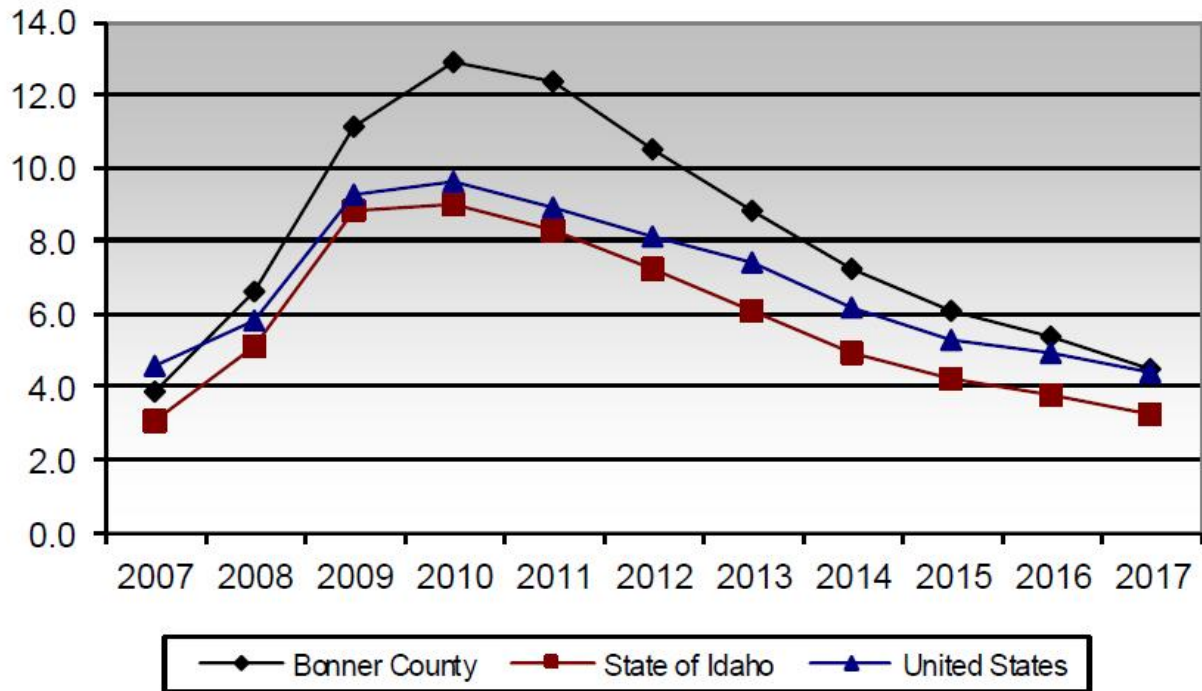
Developing a budget is not an exact science. It is the best estimate available at the time of projection of the revenues you anticipate receiving and of the expenses you estimate will be incurred during the next fiscal year. For the fiscal year ended September 30, 2018, there were no funds for which expenditures exceeded appropriations.

### **Economic and Other Factors Affecting Next Year's Operations**

**Local Economy:** Bonner County has enjoyed considerable success in diversifying and expanding its economy. Manufacturing jobs rose 27 percent from 1,486 in 2000 to 1,880 in 2010 while they fell 26 percent statewide. Per capita income increased from \$36,866 to \$39,310 from 2015 to 2017. Graph below indicates a downward trend in unemployment from 2010. (Charts and Information were collected from the Idaho Department of Labor.)



## Unemployment Rates

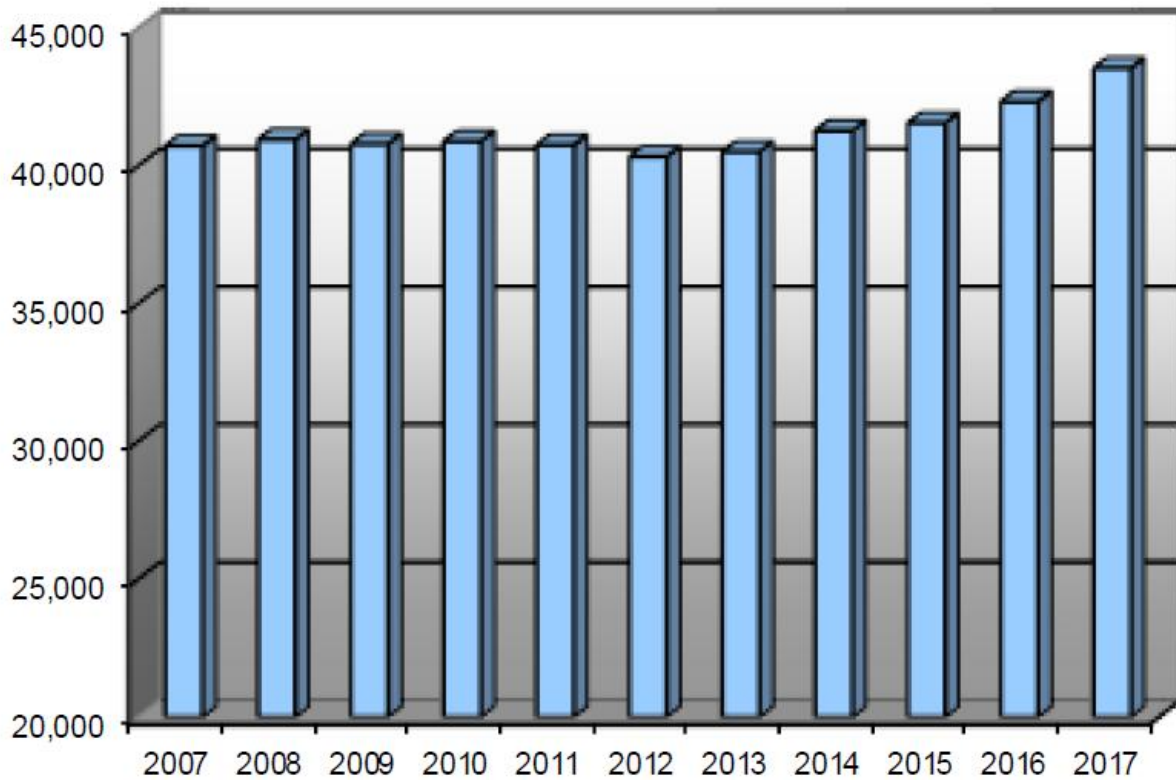


### Population

Bonner County has experienced steady population growth. Its beauty, recreational opportunities and quality of life attracted thousands of new residents. From 2007 to 2017, however, the county's population grew 7 percent from 40,738 to 43,560 while Idaho's population grew 14.1 percent and the U.S. population grew 8.1 percent. The county also has hundreds of summer residents.

Sandpoint, the county seat, had a population of 8,390 in 2017. Surrounding populations include 1,107 in Ponderay, 834 in Kootenai and 735 in Dover. The largest city west of Sandpoint, Priest River, has 1,811 residents. Clark Fork with 561 residents is the largest town to the east.

## Population



Bonner County is home to 54 taxing districts, each of which elects its own governing board and has the authority to levy taxes. Many of these taxing districts have experienced significant growth and an increase in the demand for services that such growth generates.

## **County Operations**

Bonner County complies with Idaho County Budget Law (Title 31, Chapter 16) and Government Accounting Standards Board (GASB) standards as required by Idaho Code.

### **Human Resources (HR):**

Our medical premium and claim costs for benefits found a slight decrease in our loss claims utilization, particularly related to large claims. RX claims utilization continues to trend upward, which is a common challenge for all employers. The County has continued its efforts with the Wellness Program, offering premium reductions for employees who participate in the program and complete biometric screenings.

Recruitment remains a challenge for Bonner County with turnover in semi-skilled technical positions, along with unaffordable available housing for hires outside of Bonner County.

We have a market that is difficult to recruit from, given a dry labor market, housing shortage and a high cost of living. Many hires out of the local area, continue to live and commute from Kootenai County or Boundary.

### **Risk Management & Liability Insurance:**

Bonner County re-purchased a Self-Insured Retention (SIR) program in 2018 to control increasing costs and losses. Due to successful risk management loss control activities, Bonner County's liability insurance losses continued to decline, resulting in significant financial savings for the County.

In order to maintain the successful SIR program, serious training investments were made, including orientation, defensive driving, respectful workplace training, and more. Risk Management related policies were created that encourage vigilance among all departments to control hazards and losses.

Workers Compensation Insurance losses are significantly lower than previous years, with a loss ratio of 12.15% for the 2018 policy year. Bonner County Risk Management will focus efforts in 2019 to reduce the risk and losses in this area.

For 2019, an online training platform was purchased to leverage County training resources to all employees. This program, titled "Bonner County Center of Excellence", will host safety, compliance, risk management, human resources and management courses.

### **Road & Bridge:**

Road & Bridge maintains 286 miles of paved roads and 393 miles of gravel roads through a network of three district road crews. The department operated FY18 with a \$9+M budget that allowed the million-dollar asphalt project on the Bayview Road and the purchase of two new dump trucks with carryover funds from FY17. The reduction in budget for FY18 removed possibilities of replacing more old heavy trucks with high mileage and larger repair costs.

The most recognized seasonal maintenance work of Road & Bridge is winter plowing and sanding, applying some 30,000 cubic yards of sand, and winter operations costing nearly \$2-million. Spring and fall are the seasons of the road grader, when all 11 units are deployed restoring gravel road surfaces. Graders and water trucks prep 250 miles of road for dust abatement treatment, applying \$450,000 of mag chloride. Chip sealing over 50 miles of existing asphalt roads in July throughout the county system consumes over \$500,000 of oil. Summer and fall are the seasons of road reconstruction, ditching and culvert replacement, interspersed with crack sealing.

**Planning:**

In 2018, Bonner County approved 1,084 building location permits. This is compared to 936 in 2017. The County, through its subdivision processes, created 200 new lots in 2018 compared to 116 in 2017. The continuing trend to development challenges will be shown in the increase in land use applications for variances (30) and zone changes (7). These applications will continue to increase in the coming year as the number of BLP's and land divisions continue to grow.

**Silver Wing Development Litigation:**

Bonner prevailed on all claims in Federal Court in the Silver Wing litigation matter. We are expecting a final decision from the State Supreme Court on the remaining state law claim by the end of this calendar year. Bonner expects a positive outcome with the remaining issue.

**Requests for Information**

This financial report is designed to provide a general overview of Bonner County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

## **FINANCIAL STATEMENTS**



**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**STATEMENT OF NET POSITION**  
September 30, 2018

|   | PRIMARY GOVERNMENT         |                             | Total                |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities |                      |
| <b>ASSETS</b>                                     |                            |                             |                      |
| Current assets:                                   |                            |                             |                      |
| Cash and investments                              | 19,050,245                 | 2,751,230                   | 21,801,475           |
| Receivables, net of allowance for uncollectibles: |                            |                             |                      |
| Taxes   | 1,249,422                  | -                           | 1,249,422            |
| Special assessments                               | -                          | 129,538                     | 129,538              |
| Unbilled taxes                                    | 30,050,210                 | -                           | 30,050,210           |
| Unbilled special assessments                      | -                          | 2,942,574                   | 2,942,574            |
| Interest  | 60                         | -                           | 60                   |
| Fees  | 1,140                      | -                           | 1,140                |
| Accounts, net                                     | 441,881                    | 192,805                     | 634,686              |
| Prepaid expenses                                  | 738,395                    | -                           | 738,395              |
| Due from other governments                        | 2,446,207                  | 13,182                      | 2,459,389            |
| Restricted assets:                                |                            |                             |                      |
| Deposit   | 84,000                     | -                           | 84,000               |
| Cash on deposit with fiscal agent                 | -                          | 664                         | 664                  |
| Total current assets                              | <u>54,061,560</u>          | <u>6,029,993</u>            | <u>60,091,553</u>    |
| Noncurrent assets:                                |                            |                             |                      |
| Land  | 4,337,164                  | 518,416                     | 4,855,580            |
| Construction in progress                          | 2,684,417                  | 20,489                      | 2,704,906            |
| Depreciable assets, net                           | 38,439,482                 | 3,335,289                   | 41,774,771           |
| Total noncurrent assets                           | <u>45,461,063</u>          | <u>3,874,194</u>            | <u>49,335,257</u>    |
| Total assets                                      | <u>99,522,623</u>          | <u>9,904,187</u>            | <u>109,426,810</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                            |                             |                      |
| Pension related items                             | <u>2,071,105</u>           | <u>106,713</u>              | <u>2,177,818</u>     |
| <b>LIABILITIES</b>                                |                            |                             |                      |
| Current liabilities:                              |                            |                             |                      |
| Warrants payable                                  | 39,995                     | -                           | 39,995               |
| Accounts payable                                  | 2,942,416                  | 979,937                     | 3,922,353            |
| Accrued payroll                                   | 383,958                    | 24,377                      | 408,335              |
| Accrued retirement payable                        | 40,377                     | 6,848                       | 47,225               |
| Capital leases payable                            | 1,258,449                  | -                           | 1,258,449            |
| Total current liabilities                         | <u>4,665,195</u>           | <u>1,011,162</u>            | <u>5,676,357</u>     |
| Noncurrent liabilities:                           |                            |                             |                      |
| Compensated absences                              | 1,272,001                  | 40,744                      | 1,312,745            |
| Capital leases payable, less current portion      | 1,997,056                  | -                           | 1,997,056            |
| Net pension liability                             | 8,491,300                  | 437,512                     | 8,928,812            |
| Total noncurrent liabilities                      | <u>11,760,357</u>          | <u>478,256</u>              | <u>12,238,613</u>    |
| Total liabilities                                 | <u>16,425,552</u>          | <u>1,489,418</u>            | <u>17,914,970</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                            |                             |                      |
| Unavailable tax revenue                           | 30,050,210                 | -                           | 30,050,210           |
| Unbilled special assessment                       | -                          | 2,942,574                   | 2,942,574            |
| Pension related items                             | 1,584,729                  | 81,653                      | 1,666,382            |
| Total deferred inflows of resources               | <u>31,634,939</u>          | <u>3,024,227</u>            | <u>34,659,166</u>    |
| <b>NET POSITION</b>                               |                            |                             |                      |
| Net investment in capital assets                  | 42,205,558                 | 3,874,194                   | 46,079,752           |
| Restricted for:                                   |                            |                             |                      |
| General government                                | 2,290,184                  | -                           | 2,290,184            |
| Public safety                                     | 6,980,747                  | -                           | 6,980,747            |
| Road and bridge                                   | 2,311,441                  | -                           | 2,311,441            |
| Emergency medical services                        | 2,506,499                  | -                           | 2,506,499            |
| Debt service                                      | -                          | 664                         | 664                  |
| Historical society and recreation                 | 536,798                    | -                           | 536,798              |
| Health and welfare                                | 675,050                    | -                           | 675,050              |
| Weeds   | 48,770                     | -                           | 48,770               |
| Self funded health insurance                      | 269,325                    | -                           | 269,325              |
| Road construction                                 | 240,824                    | -                           | 240,824              |
| Capital projects                                  | 80                         | -                           | 80                   |
| Unrestricted                                      | <u>(4,532,039)</u>         | <u>1,622,397</u>            | <u>(2,909,642)</u>   |
| Total net position                                | <u>\$ 53,533,237</u>       | <u>\$ 5,497,255</u>         | <u>\$ 59,030,492</u> |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2018

|   | Program Revenues     |                         |  | Net (Expense) Revenue and<br>Changes in Net Position |                            |                             |                      |
|---|----------------------|-------------------------|--|--|----------------------------|-----------------------------|----------------------|
|   | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions               | Governmental<br>Activities | Business-type<br>Activities | Total                |
| <b>FUNCTIONS/PROGRAMS</b>                     |                      |                         |  |  |                            |                             |                      |
| Governmental activities:                      |                      |                         |  |  |                            |                             |                      |
| General government                            | 10,611,715           | 905,620                 | -  | -  | (9,706,095)                | -                           | (9,706,095)          |
| Public safety                                 | 20,022,906           | 2,591,826               | 1,447,453                                | 597,812  | (15,385,815)               | -                           | (15,385,815)         |
| Emergency medical services                    | 2,824,764            | 883,357                 | -  | -  | (1,941,407)                | -                           | (1,941,407)          |
| Road and bridge                               | 8,886,345            | -                       | 438,324                                  | -  | (8,448,021)                | -                           | (8,448,021)          |
| Weeds   | 144,317              | -                       | -  | -  | (144,317)                  | -                           | (144,317)            |
| Health  | 254,327              | -                       | -  | -  | (254,327)                  | -                           | (254,327)            |
| Welfare                                       | 244,287              | -                       | -  | -  | (244,287)                  | -                           | (244,287)            |
| Junior college                                | 202,127              | -                       | -  | -  | (202,127)                  | -                           | (202,127)            |
| Historical society and recreation             | 716,829              | 21,998                  | -  | -  | (694,831)                  | -                           | (694,831)            |
| Capital outlay                                | 1,916                | -                       | -  | -  | (1,916)                    | -                           | (1,916)              |
| Interest on long-term debt                    | 125,702              | -                       | -  | -  | (125,702)                  | -                           | (125,702)            |
| Total governmental activities                 | <u>44,035,235</u>    | <u>4,402,801</u>        | <u>1,885,777</u>                         | <u>597,812</u>                                       | <u>(37,148,845)</u>        | <u>-</u>                    | <u>(37,148,845)</u>  |
| Business-type activities:                     |                      |                         |  |  |                            |                             |                      |
| Solid waste                                   | 6,334,002            | 2,481,337               | -  | -  | -                          | (3,852,665)                 | (3,852,665)          |
| Total business-type activities                | <u>6,334,002</u>     | <u>2,481,337</u>        | <u>-</u>                                 | <u>-</u>   | <u>-</u>                   | <u>(3,852,665)</u>          | <u>(3,852,665)</u>   |
| Total primary government                      | <u>\$ 50,369,237</u> | <u>\$ 6,884,138</u>     | <u>\$ 1,885,777</u>                      | <u>\$ 597,812</u>                                    | <u>(37,148,845)</u>        | <u>(3,852,665)</u>          | <u>(41,001,510)</u>  |
| <b>General revenues</b>                       |                      |                         |  |  |                            |                             |                      |
| Taxes:  |                      |                         |  |  |                            |                             |                      |
| Property taxes, levied for general purposes   |                      |                         |  |  | 28,502,082                 | -                           | 28,502,082           |
| Special assessments                           |                      |                         |  |  | -                          | 2,692,978                   | 2,692,978            |
| Intergovernmental                             |                      |                         |  |  | 8,072,576                  | -                           | 8,072,576            |
| Licenses and permits                          |                      |                         |  |  | 1,184,890                  | -                           | 1,184,890            |
| Fines   |                      |                         |  |  | 119,385                    | -                           | 119,385              |
| Contributions to self funded health insurance |                      |                         |  |  | 269,325                    | -                           | 269,325              |
| Gain (loss) on disposal of capital assets     |                      |                         |  |  | 121,868                    | (39,686)                    | 82,182               |
| Miscellaneous                                 |                      |                         |  |  | 1,654,869                  | 48,861                      | 1,703,730            |
| Interest and investment earnings              |                      |                         |  |  | 157,574                    | -                           | 157,574              |
| Total general revenue                         |                      |                         |  |  | <u>40,082,569</u>          | <u>2,702,153</u>            | <u>42,784,722</u>    |
| Change in net position                        |                      |                         |  |  | 2,933,724                  | (1,150,512)                 | 1,783,212            |
| Net position - beginning of year              |                      |                         |  |  | 50,599,513                 | 6,647,767                   | 57,247,280           |
| Total net position - end of year              |                      |                         |  |  | <u>\$ 53,533,237</u>       | <u>\$ 5,497,255</u>         | <u>\$ 59,030,492</u> |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
September 30, 2018

|  | General             | Justice              | Road and<br>Bridge  | Ambulance<br>District | Nonmajor<br>Governmental | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------|---------------------|-----------------------|--------------------------|--------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                         |                     |                      |                     |                       |                          |                                |
| Assets:  |                     |                      |                     |                       |                          |                                |
| Cash and investments   | 2,473,618           | 5,367,243            | 2,693,983           | 2,488,816             | 5,885,323                | 18,908,983                     |
| Receivables, net of allowance for uncollectibles:                        |                     |                      |                     |                       |                          |                                |
| Taxes  | 167,636             | 529,140              | 230,713             | 108,408               | 213,525                  | 1,249,422                      |
| Unbilled taxes   | 5,357,919           | 11,060,893           | 5,640,997           | 2,749,673             | 5,240,728                | 30,050,210                     |
| Interest   | -                   | -                    | -                   | -                     | 60                       | 60                             |
| Fees   | -                   | -                    | -                   | -                     | 1,140                    | 1,140                          |
| Accounts, net  | 27,507              | 12,446               | 365                 | 272,485               | 129,078                  | 441,881                        |
| Prepaid expenses   | 142,661             | 394                  | 170                 | 104,296               | 446,811                  | 694,332                        |
| Due from other governments   | 341,714             | 477,856              | 745,752             | -                     | 880,885                  | 2,446,207                      |
| Due from other funds   | 140,610             | 120,897              | -                   | -                     | 352,736                  | 614,243                        |
| Total assets   | <u>8,651,665</u>    | <u>17,568,869</u>    | <u>9,311,980</u>    | <u>5,723,678</u>      | <u>13,150,286</u>        | <u>54,406,478</u>              |
| Deferred outflows of resources   | -                   | -                    | -                   | -                     | -                        | -                              |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   | <u>\$ 8,651,665</u> | <u>\$ 17,568,869</u> | <u>\$ 9,311,980</u> | <u>\$ 5,723,678</u>   | <u>\$ 13,150,286</u>     | <u>\$ 54,406,478</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>       |                     |                      |                     |                       |                          |                                |
| Liabilities:   |                     |                      |                     |                       |                          |                                |
| Warrants payable   | -                   | -                    | -                   | 39,995                | -                        | 39,995                         |
| Accounts payable   | 302,733             | 318,083              | 1,169,238           | 101,557               | 1,050,805                | 2,942,416                      |
| Accrued payroll  | 63,158              | 172,884              | 38,275              | 32,431                | 77,210                   | 383,958                        |
| Accrued retirement payable   | 6,641               | 18,180               | 4,025               | 3,414                 | 8,117                    | 40,377                         |
| Due to other funds   | -                   | -                    | -                   | 53,250                | 560,993                  | 614,243                        |
| Total liabilities  | <u>372,532</u>      | <u>509,147</u>       | <u>1,211,538</u>    | <u>230,647</u>        | <u>1,697,125</u>         | <u>4,020,989</u>               |
| Deferred inflows of resources:   |                     |                      |                     |                       |                          |                                |
| Deferred revenue   | 135,822             | 427,633              | 186,627             | 91,145                | 173,166                  | 1,014,393                      |
| Unavailable tax revenue  | 5,357,919           | 11,060,893           | 5,640,997           | 2,749,673             | 5,240,728                | 30,050,210                     |
| Total deferred inflows of resources                                      | <u>5,493,741</u>    | <u>11,488,526</u>    | <u>5,827,624</u>    | <u>2,840,818</u>      | <u>5,413,894</u>         | <u>31,064,603</u>              |
| Fund balance:  |                     |                      |                     |                       |                          |                                |
| Nonspendable   | 142,661             | 394                  | 170                 | 104,296               | 446,811                  | 694,332                        |
| Restricted for:  |                     |                      |                     |                       |                          |                                |
| General government   | -                   | -                    | -                   | -                     | 2,360,383                | 2,360,383                      |
| Public safety  | -                   | 5,570,802            | -                   | -                     | 1,723,754                | 7,294,556                      |
| Road and bridge  | -                   | -                    | 2,272,648           | -                     | -                        | 2,272,648                      |
| Emergency medical services   | -                   | -                    | -                   | 2,547,917             | -                        | 2,547,917                      |
| Historical society and recreation  | -                   | -                    | -                   | -                     | 546,667                  | 546,667                        |
| Health and welfare   | -                   | -                    | -                   | -                     | 673,074                  | 673,074                        |
| Weeds  | -                   | -                    | -                   | -                     | 47,674                   | 47,674                         |
| Road construction  | -                   | -                    | -                   | -                     | 240,824                  | 240,824                        |
| Capital projects   | -                   | -                    | -                   | -                     | 80                       | 80                             |
| Unassigned   | 2,642,731           | -                    | -                   | -                     | -                        | 2,642,731                      |
| Total fund balance   | <u>2,785,392</u>    | <u>5,571,196</u>     | <u>2,272,818</u>    | <u>2,652,213</u>      | <u>6,039,267</u>         | <u>19,320,886</u>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> | <u>\$ 8,651,665</u> | <u>\$ 17,568,869</u> | <u>\$ 9,311,980</u> | <u>\$ 5,723,678</u>   | <u>\$ 13,150,286</u>     | <u>\$ 54,406,478</u>           |



**BONNER COUNTY, IDAHO**

**Sandpoint, Idaho**

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**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2018**

|   |                      |                      |
|---|----------------------|----------------------|
| Total fund balances - governmental funds  |                      | 19,320,886           |
| Amounts reported for governmental activities in the Statement of Net Position are different because:  |                      |                      |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:        |                      |                      |
| Cost of capital assets  | 525,644,079          |                      |
| Accumulated depreciation  | <u>(480,183,016)</u> | 45,461,063           |
| Assets that are not available to pay for current period expenditures are not considered available in the governmental funds:                        |                      |                      |
| Property taxes  |                      | 1,014,393            |
| Net position of internal service funds are included in government-wide Statement of Net Position  |                      |                      |
|   |                      | 269,325              |
| Certain pension related items are recorded as deferred outflow or inflow of resources and recognized in future periods for governmental activities: |                      |                      |
| Deferred outflow of resources   |                      | 2,071,105            |
| Deferred inflow of resources  |                      | <u>(1,584,729)</u>   |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:                     |                      |                      |
| Capital leases payable, due within one year   | (1,258,449)          |                      |
| Compensated absences, due after one year  | (1,272,001)          |                      |
| Capital leases payable, due after one year  | (1,997,056)          |                      |
| Net pension liability   | <u>(8,491,300)</u>   | <u>(13,018,806)</u>  |
| Total net position - governmental activities  |                      | <u>\$ 53,533,237</u> |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Year Ended September 30, 2018

|  | <u>General</u>      | <u>Justice</u>      | <u>Road and<br/>Bridge</u> | <u>Ambulance<br/>District</u> | <u>Nonmajor<br/>Governmental</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|---------------------|----------------------------|-------------------------------|----------------------------------|---|
| <b>REVENUES</b>  |                     |                     |                            |                               |                                  |   |
| Taxes  | 3,437,440           | 13,019,250          | 4,389,697                  | 2,628,599                     | 5,120,874                        | 28,595,860                              |
| Intergovernmental  | 1,294,647           | 2,458,883           | 3,428,465                  | -                             | 3,374,170                        | 10,556,165                              |
| Licenses and permits   | 578,813             | 344,074             | -                          | -                             | 262,003                          | 1,184,890                               |
| Charges for services   | 874,714             | 870,428             | -                          | 883,357                       | 1,774,302                        | 4,402,801                               |
| Fines  | -                   | -                   | -                          | -                             | 119,385                          | 119,385                                 |
| Interest income  | 144,168             | -                   | -                          | 11,071                        | 2,335                            | 157,574                                 |
| Miscellaneous  | 94,259              | 930,971             | 103,468                    | 94,687                        | 431,484                          | 1,654,869                               |
| Total revenues   | <u>6,424,041</u>    | <u>17,623,606</u>   | <u>7,921,630</u>           | <u>3,617,714</u>              | <u>11,084,553</u>                | <u>46,671,544</u>                       |
| <b>EXPENDITURES</b>  |                     |                     |                            |                               |                                  |   |
| General government   | 5,756,445           | -                   | -                          | -                             | 3,419,865                        | 9,176,310                               |
| Public safety  | 228,506             | 14,809,719          | -                          | -                             | 3,944,109                        | 18,982,334                              |
| Emergency medical expenses                                   | -                   | -                   | -                          | 2,733,888                     | -                                | 2,733,888                               |
| Road and bridge  | -                   | -                   | 5,940,520                  | -                             | 501,784                          | 6,442,304                               |
| Weeds  | -                   | -                   | -                          | -                             | 125,547                          | 125,547                                 |
| Health   | -                   | -                   | -                          | -                             | 254,327                          | 254,327                                 |
| Welfare  | -                   | -                   | -                          | -                             | 246,226                          | 246,226                                 |
| Junior college   | -                   | -                   | -                          | -                             | 202,127                          | 202,127                                 |
| Historical society and recreation                            | -                   | -                   | -                          | -                             | 681,981                          | 681,981                                 |
| Capital outlay   | 408,206             | 859,228             | 2,306,723                  | 96,216                        | 1,517,221                        | 5,187,594                               |
| Debt service:  |                     |                     |                            |                               |                                  |   |
| Principal  | 112,363             | -                   | 307,557                    | 46,266                        | 25,733                           | 491,919                                 |
| Interest   | 67,774              | 6,270               | 48,009                     | 1,323                         | 2,326                            | 125,702                                 |
| Total expenditures   | <u>6,573,294</u>    | <u>15,675,217</u>   | <u>8,602,809</u>           | <u>2,877,693</u>              | <u>10,921,246</u>                | <u>44,650,259</u>                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(149,253)</u>    | <u>1,948,389</u>    | <u>(681,179)</u>           | <u>740,021</u>                | <u>163,307</u>                   | <u>2,021,285</u>                        |
| Other financing sources (uses)                               |                     |                     |                            |                               |                                  |   |
| Transfer in (out)  | (261,911)           | -                   | -                          | -                             | 261,911                          | -                                       |
| Capital lease proceeds                                       | -                   | -                   | 256,428                    | -                             | -                                | 256,428                                 |
| Gain on disposal of capital asset                            | -                   | -                   | 190,000                    | -                             | -                                | 190,000                                 |
| Total other financing sources (uses)                         | <u>(261,911)</u>    | <u>-</u>            | <u>446,428</u>             | <u>-</u>                      | <u>261,911</u>                   | <u>446,428</u>                          |
| Net change in fund balance                                   | (411,164)           | 1,948,389           | (234,751)                  | 740,021                       | 425,218                          | 2,467,713                               |
| Fund balances - beginning of year                            | 3,196,556           | 3,622,807           | 2,507,569                  | 1,912,192                     | 5,614,049                        | 16,853,173                              |
| Fund balances - end of year                                  | <u>\$ 2,785,392</u> | <u>\$ 5,571,196</u> | <u>\$ 2,272,818</u>        | <u>\$ 2,652,213</u>           | <u>\$ 6,039,267</u>              | <u>\$ 19,320,886</u>                    |

**BONNER COUNTY, IDAHO**  
**Sandpoint, Idaho**

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2018**

|   |                    |                     |
|---|--------------------|---------------------|
| Net change in fund balances - governmental funds  |                    | 2,467,713           |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>   |                    |                     |
| <p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities:</p>                             |                    |                     |
| Capital outlays   | 5,185,678          |                     |
| Depreciation expense  | <u>(5,329,510)</u> | (143,832)           |
| <p>Some property taxes will not be collected for several months after the County's fiscal year end and are not considered as "available" revenues in the governmental funds. Instead they are recorded as deferred revenues. They are however, recorded as revenues in the Statement of Activities.</p>   |                    |                     |
|   |                    | (93,778)            |
| <p>Proceeds from the sale of capital assets are recorded as a gain for governmental funds, however, in the Statement of Activities, the gain is reduced by the remaining net depreciable basis associated with the disposed assets.</p>   |                    |                     |
|   |                    | (68,132)            |
| <p>Proceeds from the issuance of long-term debt are recorded as revenues for governmental funds, but the issuance increases long-term debt in the Statement of Net Position. Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:</p> |                    |                     |
| Capital lease financing received  | (256,428)          |                     |
| Principal payments  | <u>491,919</u>     | 235,491             |
| <p>Net pension liability adjustments:</p>   |                    |                     |
| Fiscal year 2017 employer PERSI contributions recognized as pension expense in the current year.  | (471,254)          |                     |
| Fiscal year 2018 employer PERSI contributions deferred to subsequent year.  | 498,767            |                     |
| Pension related amortization expense.   | <u>391,753</u>     | 419,266             |
| <p>Net change of internal service funds not reflected in governments funds are included in the Statement of Activities</p>  |                    |                     |
|   |                    | 269,325             |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount by which compensated absences incurred exceeded the amount paid during the year.</p>  |                    |                     |
|   |                    | <u>(152,329)</u>    |
| Total change in net position of governmental activities   |                    | <u>\$ 2,933,724</u> |

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2018**

|   | <u>Original Budget</u> | <u>Amended Budget</u> | <u>Actual</u>       | <b>Variances</b>               |                          |
|---|------------------------|-----------------------|---------------------|--------------------------------|--------------------------|
|   |                        |                       |                     | <b>Favorable (Unfavorable)</b> |                          |
|   |                        |                       |                     | <u>Original to Actual</u>      | <u>Amended to Actual</u> |
| <b>Revenues</b>   |                        |                       |                     |                                |                          |
| Taxes   | 3,526,687              | 3,526,687             | 3,437,440           | (89,247)                       | (89,247)                 |
| Intergovernmental   | 988,197                | 988,197               | 1,294,647           | 306,450                        | 306,450                  |
| Licenses and permits                                      | 543,690                | 543,690               | 578,813             | 35,123                         | 35,123                   |
| Charges for services                                      | 412,300                | 412,300               | 874,714             | 462,414                        | 462,414                  |
| Fines   | 500                    | 500                   | -                   | (500)                          | (500)                    |
| Interest income   | 110,000                | 110,000               | 144,168             | 34,168                         | 34,168                   |
| Miscellaneous   | 7,470                  | 7,370                 | 94,259              | 86,789                         | 86,889                   |
| Total revenues  | <u>5,588,844</u>       | <u>5,588,744</u>      | <u>6,424,041</u>    | <u>835,197</u>                 | <u>835,297</u>           |
| <b>Expenditures</b>                                       |                        |                       |                     |                                |                          |
| General government  | 7,194,823              | 7,268,618             | 5,756,445           | 1,438,378                      | 1,512,173                |
| Public safety   | 236,804                | 246,908               | 228,506             | 8,298                          | 18,402                   |
| Capital outlay  | 275,490                | 300,476               | 408,206             | (132,716)                      | (107,730)                |
| Debt service:   |                        |                       |                     |                                |                          |
| Principal   | 18,030                 | 18,030                | 112,363             | (94,333)                       | (94,333)                 |
| Interest  | -                      | -                     | 67,774              | (67,774)                       | (67,774)                 |
| Total expenditures  | <u>7,725,147</u>       | <u>7,834,032</u>      | <u>6,573,294</u>    | <u>1,151,853</u>               | <u>1,260,738</u>         |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,136,303)</u>     | <u>(2,245,288)</u>    | <u>(149,253)</u>    | <u>1,987,050</u>               | <u>2,096,035</u>         |
| Other financing sources (uses)                            |                        |                       |                     |                                |                          |
| Operating transfers out                                   | <u>-</u>               | <u>-</u>              | <u>(261,911)</u>    | <u>(261,911)</u>               | <u>(261,911)</u>         |
| Net change in fund balance                                | <u>\$ (2,136,303)</u>  | <u>\$ (2,245,288)</u> | <u>(411,164)</u>    | <u>\$ 1,725,139</u>            | <u>\$ 1,834,124</u>      |
| Fund balance - beginning of year                          |                        |                       | <u>3,196,556</u>    |                                |                          |
| Fund balance - end of year                                |                        |                       | <u>\$ 2,785,392</u> |                                |                          |

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**JUSTICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2018**

|                                  | Original<br>Budget  | Amended<br>Budget     | Actual              | Variances<br>Favorable (Unfavorable) |                      |
|----------------------------------|---------------------|-----------------------|---------------------|--------------------------------------|----------------------|
|                                  |                     |                       |                     | Original to<br>Actual                | Amended to<br>Actual |
| <b>Revenues</b>                  |                     |                       |                     |                                      |                      |
| Taxes                            | 13,486,200          | 13,486,200            | 13,019,250          | (466,950)                            | (466,950)            |
| Intergovernmental                | 1,697,388           | 1,697,388             | 2,458,883           | 761,495                              | 761,495              |
| Licenses and permits             | 269,500             | 269,500               | 344,074             | 74,574                               | 74,574               |
| Charges for services             | 1,133,010           | 1,110,370             | 870,428             | (262,582)                            | (239,942)            |
| Miscellaneous                    | 77,436              | 113,286               | 930,971             | 853,535                              | 817,685              |
| Total revenues                   | <u>16,663,534</u>   | <u>16,676,744</u>     | <u>17,623,606</u>   | <u>960,072</u>                       | <u>946,862</u>       |
| <b>Expenditures</b>              |                     |                       |                     |                                      |                      |
| Public safety                    | 16,450,236          | 16,437,596            | 14,809,719          | 1,640,517                            | 1,627,877            |
| Capital outlay                   | 388,042             | 877,049               | 859,228             | (471,186)                            | 17,821               |
| Debt service:                    |                     |                       |                     |                                      |                      |
| Principal                        | 12,000              | 12,000                | -                   | 12,000                               | 12,000               |
| Interest                         | 507,000             | 507,000               | 6,270               | 500,730                              | 500,730              |
| Total expenditures               | <u>17,357,278</u>   | <u>17,833,645</u>     | <u>15,675,217</u>   | <u>1,682,061</u>                     | <u>2,158,428</u>     |
| Net change in fund balance       | <u>\$ (693,744)</u> | <u>\$ (1,156,901)</u> | 1,948,389           | <u>\$ 2,642,133</u>                  | <u>\$ 3,105,290</u>  |
| Fund balance - beginning of year |                     |                       | <u>3,622,807</u>    |                                      |                      |
| Fund balance - end of year       |                     |                       | <u>\$ 5,571,196</u> |                                      |                      |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**ROAD AND BRIDGE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2018**

|  | Original<br>Budget    | Amended<br>Budget     | Actual              | Variances<br>Favorable (Unfavorable) |                      |
|--|-----------------------|-----------------------|---------------------|--------------------------------------|----------------------|
|  |                       |                       |                     | Original to<br>Actual                | Amended to<br>Actual |
| <b>Revenues</b>  |                       |                       |                     |                                      |                      |
| Taxes  | 4,495,846             | 4,495,846             | 4,389,697           | (106,149)                            | (106,149)            |
| Intergovernmental  | 2,256,026             | 2,256,026             | 3,428,465           | 1,172,439                            | 1,172,439            |
| Miscellaneous  | 34,500                | 34,500                | 103,468             | 68,968                               | 68,968               |
| Total revenues   | <u>6,786,372</u>      | <u>6,786,372</u>      | <u>7,921,630</u>    | <u>1,135,258</u>                     | <u>1,135,258</u>     |
| <b>Expenditures</b>  |                       |                       |                     |                                      |                      |
| Road and bridge  | 7,848,954             | 8,679,215             | 5,940,520           | 1,908,434                            | 2,738,695            |
| Capital outlay   | 304,255               | 759,080               | 2,306,723           | (2,002,468)                          | (1,547,643)          |
| Debt service:  |                       |                       |                     |                                      |                      |
| Principal  | 213,900               | 213,900               | 307,557             | (93,657)                             | (93,657)             |
| Interest   | -                     | -                     | 48,009              | (48,009)                             | (48,009)             |
| Total expenditures   | <u>8,367,109</u>      | <u>9,652,195</u>      | <u>8,602,809</u>    | <u>(235,700)</u>                     | <u>1,049,386</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | (1,580,737)           | (2,865,823)           | (681,179)           | 899,558                              | 2,184,644            |
| <b>Other financing sources (uses)</b>                        |                       |                       |                     |                                      |                      |
| Capital lease proceeds                                       | -                     | -                     | 256,428             | 256,428                              | 256,428              |
| Gain on sale of capital asset                                | -                     | -                     | 190,000             | 190,000                              | 190,000              |
| Total other financing sources                                | <u>-</u>              | <u>-</u>              | <u>446,428</u>      | <u>446,428</u>                       | <u>446,428</u>       |
| Net change in fund balance                                   | <u>\$ (1,580,737)</u> | <u>\$ (2,865,823)</u> | (234,751)           | <u>\$ 1,345,986</u>                  | <u>\$ 2,631,072</u>  |
| Fund balance - beginning of year                             |                       |                       | <u>2,507,569</u>    |                                      |                      |
| Fund balance - end of year                                   |                       |                       | <u>\$ 2,272,818</u> |                                      |                      |

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**AMBULANCE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2018**

|                                  | Original<br>Budget  | Amended<br>Budget   | Actual              | Variances<br>Favorable (Unfavorable) |                      |
|----------------------------------|---------------------|---------------------|---------------------|--------------------------------------|----------------------|
|                                  |                     |                     |                     | Original to<br>Actual                | Amended to<br>Actual |
| <b>Revenues</b>                  |                     |                     |                     |                                      |                      |
| Taxes                            | 2,671,621           | 2,671,621           | 2,628,599           | (43,022)                             | (43,022)             |
| Charges for services             | 710,000             | 710,000             | 883,357             | 173,357                              | 173,357              |
| Interest income                  | 960                 | 960                 | 11,071              | 10,111                               | 10,111               |
| Miscellaneous                    | 21,000              | 21,000              | 94,687              | 73,687                               | 73,687               |
| Total revenues                   | <u>3,403,581</u>    | <u>3,403,581</u>    | <u>3,617,714</u>    | <u>214,133</u>                       | <u>214,133</u>       |
| <b>Expenditures</b>              |                     |                     |                     |                                      |                      |
| Emergency medical expenses       | 3,333,491           | 3,371,010           | 2,733,888           | 599,603                              | 637,122              |
| Capital outlay                   | 552,697             | 582,697             | 96,216              | 456,481                              | 486,481              |
| Debt service:                    |                     |                     |                     |                                      |                      |
| Principal                        | 86,000              | 86,000              | 46,266              | 39,734                               | 39,734               |
| Interest                         | -                   | -                   | 1,323               | (1,323)                              | (1,323)              |
| Total expenditures               | <u>3,972,188</u>    | <u>4,039,707</u>    | <u>2,877,693</u>    | <u>1,094,495</u>                     | <u>1,162,014</u>     |
| Net change in fund balance       | <u>\$ (568,607)</u> | <u>\$ (636,126)</u> | 740,021             | <u>\$ 1,308,628</u>                  | <u>\$ 1,376,147</u>  |
| Fund balance - beginning of year |                     |                     | <u>1,912,192</u>    |                                      |                      |
| Fund balance - end of year       |                     |                     | <u>\$ 2,652,213</u> |                                      |                      |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

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**SOLID WASTE FUND**  
**STATEMENT OF NET POSITION**  
September 30, 2018

**ASSETS**

Current assets:

|   |                  |  |
|---|------------------|--|
| Cash and cash equivalents                         | 2,751,230        |  |
| Receivables, net of allowance for uncollectibles: |                  |  |
| Special assessment                                | 129,538          |  |
| Unbilled special assessments                      | 2,942,574        |  |
| Accounts  | 192,805          |  |
| Due from other governments                        | 13,182           |  |
| Restricted assets:                                |                  |  |
| Cash on deposit with fiscal agent                 | 664              |  |
| Total current assets                              | <u>6,029,993</u> |  |

Noncurrent assets:

|                                 |                  |  |
|---------------------------------|------------------|--|
| Land                            | 518,416          |  |
| Construction in progress        | 20,489           |  |
| Depreciable capital assets, net | 3,335,289        |  |
| Total noncurrent assets         | <u>3,874,194</u> |  |

Total assets 9,904,187

**DEFERRED OUTFLOW OF RESOURCES**

Pension related items 106,713

**LIABILITIES**

Current liabilities:

|                            |                  |  |
|----------------------------|------------------|--|
| Accounts payable           | 979,937          |  |
| Accrued payroll            | 24,377           |  |
| Accrued retirement payable | 6,848            |  |
| Total current liabilities  | <u>1,011,162</u> |  |

Noncurrent liabilities:

|                              |                |  |
|------------------------------|----------------|--|
| Compensated absences         | 40,744         |  |
| Net pension liability        | 437,512        |  |
| Total noncurrent liabilities | <u>478,256</u> |  |

Total liabilities 1,489,418

**DEFERRED INFLOW OF RESOURCES**

|                                     |                  |  |
|-------------------------------------|------------------|--|
| Unbilled special assessment revenue | 2,942,574        |  |
| Pension related items               | 81,653           |  |
| Total deferred inflow of resources  | <u>3,024,227</u> |  |

**NET POSITION**

|                                  |                  |                     |
|----------------------------------|------------------|---------------------|
| Net investment in capital assets | 3,874,194        |                     |
| Restricted for:                  |                  |                     |
| Debt service                     | 664              |                     |
| Unrestricted                     | <u>1,622,397</u> |                     |
| Total net position               |                  | <u>\$ 5,497,255</u> |



**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

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**SOLID WASTE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended September 30, 2018****OPERATING REVENUES**

|                          |           |           |
|--------------------------|-----------|-----------|
| Charges for services     | 2,481,337 |           |
| Miscellaneous income     | 48,861    |           |
| Total operating revenues |           | 2,530,198 |

**OPERATING EXPENSES**

|                            |           |           |
|----------------------------|-----------|-----------|
| Salaries                   | 984,471   |           |
| Benefits                   | 382,578   |           |
| Other services and charges | 4,547,306 |           |
| Depreciation               | 419,647   |           |
| Total operating expenses   |           | 6,334,002 |

Operating loss (3,803,804)

**NON-OPERATING REVENUES**

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Special assessments                | 2,692,978 |           |
| Loss on disposal of capital assets | (39,686)  |           |
| Total non-operating revenues       |           | 2,653,292 |

Change in net position (1,150,512)

Net position - beginning of year 6,647,767

Net position - end of year \$ 5,497,255

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

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**SOLID WASTE FUND**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended September 30, 2018

|   |             |                       |
|---|-------------|-----------------------|
| <b>Cash flows from operating activities</b>                                       |             |                       |
| Cash received from customers  | 2,528,402   |                       |
| Cash paid to suppliers  | (3,921,716) |                       |
| Cash paid for salaries and benefits   | (1,366,434) |                       |
| Net cash used in operating activities   |             | (2,759,748)           |
| <b>Cash flows from investing activities</b>                                       |             | -                     |
| <b>Cash flows from capital financing and related financing activities</b>         |             |                       |
| Acquisition of capital assets   | (485,233)   |                       |
| Net cash used in capital financing activities                                     |             | (485,233)             |
| <b>Cash flows from non-capital financing activities</b>                           |             |                       |
| Special assessments   | 2,692,225   |                       |
| Net cash provided by non-capital financing activities                             |             | 2,692,225             |
| <b>Net decrease in cash</b>   |             | (552,756)             |
| <b>Cash and cash equivalents- beginning of year</b>                               |             | 3,304,650             |
| <b>Cash and cash equivalents- end of year</b>                                     |             | <u>\$ 2,751,894</u>   |
| <b>Cash and investments</b>   |             |                       |
| Cash and cash equivalents   |             | 2,751,230             |
| Restricted assets:  |             |                       |
| Cash on deposit with fiscal agent   |             | 664                   |
| Total cash and cash equivalents   |             | <u>\$ 2,751,894</u>   |
| <b>Reconciliation of operating loss to net cash used in operating activities</b>  |             |                       |
| Operating loss  |             | (3,803,804)           |
| Adjustments to reconcile operating loss to net cash used in operating activities: |             |                       |
| Depreciation  | 419,647     |                       |
| Change in pension related items:  |             |                       |
| Deferred outflow of resources   | (14,511)    |                       |
| Deferred inflow of resources  | 15,676      |                       |
| Net pension liability   | (2,321)     |                       |
| Decrease (increase) in assets:  |             |                       |
| Receivables   | 11,386      |                       |
| Due from other governments  | (13,182)    |                       |
| Prepaid expenses  | 6,250       |                       |
| Increase (decrease) in liabilities:   |             |                       |
| Accounts payable  | 619,340     |                       |
| Accrued payroll   | 5,029       |                       |
| Accrued retirement payable  | 4,814       |                       |
| Compensated absences  | (8,072)     |                       |
| Total adjustments   |             | 1,044,056             |
| Net cash used in operating activities   |             | <u>\$ (2,759,748)</u> |

**BONNER COUNTY, IDAHO**  
**Sandpoint, Idaho**

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**INTERNAL SERVICE FUND**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

|                                       |                             |                          |
|---------------------------------------|-----------------------------|--------------------------|
| <b>ASSETS</b>                         |                             |                          |
| Cash                                  | 141,262                     |                          |
| Prepaid expenses                      | 44,063                      |                          |
| Restricted assets:                    |                             |                          |
| Deposit                               | 84,000                      |                          |
| Total assets                          | <u>                    </u> | <u>269,325</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                             |                          |
|                                       |                             | <u>-</u>                 |
| <b>LIABILITIES</b>                    |                             |                          |
|                                       |                             | <u>-</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                             |                          |
|                                       |                             | <u>-</u>                 |
| <b>NET POSITION</b>                   |                             |                          |
| Restricted:                           |                             |                          |
| Self funded health insurance          |                             | <u><u>\$ 269,325</u></u> |

**BONNER COUNTY, IDAHO**  
**Sandpoint, Idaho**

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**INTERNAL SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended September 30, 2018**

|                                  |                          |
|----------------------------------|--------------------------|
| <b>REVENUE</b>                   |                          |
| Contributions - employer         | 210,119                  |
| Contributions - employee         | <u>59,206</u>            |
| Total revenue                    | 269,325                  |
| <b>EXPENSES</b>                  |                          |
|                                  | <u>-</u>                 |
| Net change in net position       | 269,325                  |
| Net position - beginning of year | <u>-</u>                 |
| Net position - end of year       | <u><u>\$ 269,325</u></u> |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

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**INTERNAL SERVICE FUND**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended September 30, 2018

|  |          |                   |
|--|----------|-------------------|
| <b>Cash flows from operating activities</b>  |          |                   |
| Other cash receipts  | 269,325  |                   |
| Cash paid for benefit administration   | (44,063) |                   |
| Cash paid for required deposit   | (84,000) |                   |
| Net cash provided by operating activities  |          | 141,262           |
| <b>Cash flows from investing activities</b>  |          | -                 |
| <b>Cash flows from capital financing and related financing activities</b>              |          | -                 |
| <b>Cash flows from non-capital financing activities</b>                                |          | -                 |
| <b>Net increase in cash</b>  |          | 141,262           |
| <b>Cash and cash equivalents- beginning of year</b>                                    |          | -                 |
| <b>Cash and cash equivalents- end of year</b>  |          | <u>\$ 141,262</u> |
| <b>Reconciliation of operating income to net cash provided by operating activities</b> |          |                   |
| Operating income   |          | 269,325           |
| Adjustments to reconcile operating loss to net cash used in operating activities:      |          |                   |
| Decrease (increase) in assets:   |          |                   |
| Prepaid expenses   | (44,063) |                   |
| Deposit  | (84,000) |                   |
| Total adjustments  |          | <u>(128,063)</u>  |
| Net cash provided operating activities   |          | <u>\$ 141,262</u> |

**BONNER COUNTY, IDAHO**  
**Sandpoint, Idaho**

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**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**September 30, 2018**

|                                       |                  | <u>Agency Funds</u> |
|---------------------------------------|------------------|---------------------|
| <b>ASSETS</b>                         |                  |                     |
| Cash                                  |                  | <u>4,330,487</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                  | <u>-</u>            |
| <b>LIABILITIES</b>                    |                  |                     |
| Warrants payable                      | 1,012            |                     |
| Due to other governments              | 4,329,475        |                     |
| Total liabilities                     | <u>4,330,487</u> | <u>4,330,487</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                  | <u>-</u>            |
| <b>NET POSITION</b>                   |                  | <u><u>\$ -</u></u>  |

**BONNER COUNTY, IDAHO**  
**Sandpoint, Idaho**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2018**

**NOTE 1      Summary of Significant Accounting Policies**

Bonner County, Idaho 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.

***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 one component unit, the Ambulance District, included in the County's report, which is reported within the special revenue funds and is reported as a major fund.

**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.

**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,

## NOTE 1 Summary of Significant Accounting Policies (Continued)

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.
- ) 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.



## **NOTE 1      Summary of Significant Accounting Policies (Continued)**

The County reports the following major governmental funds:

- ) General Fund: is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- ) Justice Fund: accounts for the services and equipment used to provide for the public safety of the County.
- ) Road and Bridge Fund: accounts for the design, construction and maintenance of the County roads.
- ) Ambulance District: 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 Employee Health Insurance Fund: This fund accounts for revenues and expenses that are related to providing a self-funded insurance program.

Additionally, the County reports the following fiduciary fund types:

- ) Agency 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.

### **Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements (except agency funds) 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.

## **NOTE 1      Summary of Significant Accounting Policies (Continued)**

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 capital leases 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.

**Budgets** – Budgets are adopted on a basis consistent with governmental accounting principles. Annual appropriated budgets are adopted for the general, 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 Investments** – Cash 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.

## **NOTE 1 Summary of Significant Accounting Policies (Continued)**

**Allowance for Uncollectible Amounts** – No allowance for uncollectible amounts has been deemed necessary as of September 30, 2018 except for the ambulance district that recorded an allowance of \$223,626.

**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.

**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                    | 20years      |

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 vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days up to a maximum of 160-320 hours for employees depending on length of service. Employees are not reimbursed for sick leave not used.

**Long Term Obligations** – Long-term debt includes lease obligations, where, by intent, the County intends to take possession of the leased property at the end of the lease term (capital), usually by payment of a nominal sum. The amount of the lease obligation due within one year is shown as a current liability.

**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.

**Unavailable Tax Revenue** – Unavailable tax revenue represents the property taxes levied for 2018 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.

## **NOTE 1      Summary of Significant Accounting Policies (Continued)**

**Pensions** – For purposes of measuring the net pension 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, *non-spendable* 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 general 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 general fund and includes all spendable amounts not contained in the other classifications.

**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.

## **NOTE 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

## **NOTE 2      Cash and Investments (Continued)**

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 Columbia 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 State 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, 2018, the following issuers hold more than 5% of the County's total portfolio: State of Idaho Investment Pool – 23%, Columbia Bank – 53%, Mountain West Bank - 12% and Multi-Bank Securities, Inc. - 10%.

*Custodial Credit Risk – Deposits* - This is the risk that in the event of a bank failure, the County's deposits may not be available. As of September 30, 2018, the County's deposits in Columbia Bank exceed the FDIC insured limit of \$250,000 by \$83,678.

*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 \$13,339,451 that are uninsured, unregistered, and held by Columbia Bank, \$2,969,864 that are that are uninsured, unregistered, and held by Mountain West Bank. Columbia Bank, Mountain West Bank and Wells Fargo Bank are the counterparties for the repurchase agreements. However, the risk is mitigated, because the repurchase agreements are fully collateralized by U.S. Government

## NOTE 2 Cash and Investments (Continued)

securities, with the collateral held in trust by Federal Home Loan Bank in Columbia Bank and Mountain West Bank's name with market values of \$14,085,921 as of September 30, 2018. The Federal Home Loan Bank is an independent safekeeping agent unaffiliated with Columbia Bank, Mountain West Bank and Wells Fargo 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.

| <u>Account</u>                    | <u>Under 30<br/>Days</u> | <u>31-180 Days</u>  | <u>181-365<br/>Days</u> | <u>1 to 5<br/>Years</u> | <u>Market Value</u>  | <u>Cost</u>          | <u>Percent<br/>of Total</u> |
|-----------------------------------|--------------------------|---------------------|-------------------------|-------------------------|----------------------|----------------------|-----------------------------|
| Columbia Bank                     |                          |                     |                         |                         |                      |                      |                             |
| Repurchase agreements             |                          |                     |                         |                         |                      |                      |                             |
| Treasurer's account               | 11,050,635               | -                   | -                       | -                       | 11,050,635           | 11,050,635           | 42.12%                      |
| Ambulance account                 | 2,288,816                | -                   | -                       | -                       | 2,288,816            | 2,288,816            | 8.73%                       |
| Checking accounts                 |                          |                     |                         |                         |                      |                      |                             |
| Ambulance checking                | 200,000                  | -                   | -                       | -                       | 200,000              | 200,000              | 0.76%                       |
| General checking                  | 140,000                  | -                   | -                       | -                       | 140,000              | 140,000              | 0.53%                       |
| Sheriff detention fund            | -                        | -                   | -                       | -                       | -                    | -                    | 0.00%                       |
| Fair association                  | 140,793                  | -                   | -                       | -                       | 140,793              | 140,793              | 0.54%                       |
| Drug Restitution                  | 47,750                   | -                   | -                       | -                       | 47,750               | 47,750               | 0.18%                       |
| 4H                                | 2,373                    | -                   | -                       | -                       | 2,373                | 2,373                | 0.01%                       |
| Procecuters                       | 343                      | -                   | -                       | -                       | 343                  | 343                  | 0.00%                       |
| Law foundation                    | 3,204                    | -                   | -                       | -                       | 3,204                | 3,204                | 0.01%                       |
| Other                             | 63,001                   | -                   | -                       | -                       | 63,001               | 63,001               | 0.24%                       |
| Mountain West Bank                |                          |                     |                         |                         |                      |                      |                             |
| Repurchase agreements             | 2,969,864                | -                   | -                       | -                       | 2,969,864            | 2,969,864            | 11.32%                      |
| Checking account                  |                          |                     |                         |                         |                      |                      |                             |
| Treasurer's checking              | 50,000                   | -                   | -                       | -                       | 50,000               | 50,000               | 0.19%                       |
| Fair association                  | 56,809                   | -                   | -                       | -                       | 56,809               | 56,809               | 0.22%                       |
| Certificate of deposit            | -                        | -                   | 108,265                 | -                       | 108,265              | 108,265              | 0.41%                       |
| Nationwide Retirement Solutions   | 262,819                  | -                   | -                       | -                       | 262,819              | 262,819              | 1.00%                       |
| Banner Bank                       |                          |                     |                         |                         |                      |                      |                             |
| Certificate of deposit            | -                        | -                   | 244,155                 | -                       | 244,155              | 244,155              | 0.93%                       |
| State of Idaho                    |                          |                     |                         |                         |                      |                      |                             |
| Local government                  |                          |                     |                         |                         |                      |                      |                             |
| investment pool                   | -                        | 6,100,213           | -                       | -                       | 6,100,213            | 6,100,213            | 23.26%                      |
| Multi-Bank Securities, Inc.       | -                        | -                   | -                       | 2,395,191               | 2,395,191            | 2,492,225            | 9.50%                       |
| Cash on hand                      | 8,395                    | -                   | -                       | -                       | 8,395                | 8,395                | 0.03%                       |
| <b>Total Cash and investments</b> | <b>\$ 17,284,802</b>     | <b>\$ 6,100,213</b> | <b>\$ 352,420</b>       | <b>\$ 2,395,191</b>     | <b>\$ 26,132,626</b> | <b>\$ 26,229,660</b> | <b>100.0%</b>               |

## NOTE 2 Cash and Investments (Continued)

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

|                               |                     |
|-------------------------------|---------------------|
| Cash on hand                  | 8,395               |
| Bank deposits                 | 967,092             |
| Carrying value of investments | <u>25,157,139</u>   |
| Total cash and investments    | <u>\$26,132,626</u> |

## NOTE 3 Property Tax

The County's property tax is levied each October on the value listed as of the prior January 1 for all real and personal property located in the County. A revaluation of all property is required to be completed no less than every five years. The market value as of September, 2017, upon which the 2017 levy was based, was \$6,381,553,749 for the County and Ambulance District and was \$4,904,080,304 for the Road and Bridge fund.

Various sections of the Idaho Code limit the amount that may be levied for general and other fund purposes. The 2017 levy was 0.3299174% of market value for the County, 0.0398983% for the Ambulance District, and 0.0887827% for the Road and Bridge fund.

Taxes are due in two equal installments on December 20th and June 20th of the next year following the levy date. Interest and penalty charges begin to accrue following the installment due date. The total 2017 tax levy was \$28,870,326, of which 97.54% was collected and \$710,002 remains unpaid as of September 30, 2018.

Property taxes levied for 2017 and prior years and uncollected as of September 30, 2018 are shown as taxes receivable. To the extent that they are not collected by the County by November 30, 2018, a deferred revenue account in that amount is established in the governmental funds.

|   |                     |
|---|---------------------|
| Total taxes receivable as of September 30, 2018 | 1,249,422           |
| Less: Taxes collected by November 30, 2018      | <u>(235,029)</u>    |
| Total deferred tax revenue                      | <u>\$ 1,014,393</u> |

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the County has recognized the 2018 property tax levy as a receivable. This levy is an enforceable legal claim created during the fiscal year. The total property tax levy for 2018 of \$30,050,210 is considered unavailable at September 30, 2018 and is recorded as a deferred inflow of resources.

## NOTE 4 Due from Other Governments

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

## NOTE 5 Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

### Governmental activities:

|                                       | Balance<br>September 30,<br>2017 | Additions           | Transfers/<br>Adjustments | Disposals          | Balance<br>September 30,<br>2018 |
|---------------------------------------|----------------------------------|---------------------|---------------------------|--------------------|----------------------------------|
| Capital assets, depreciated:          |                                  |                     |                           |                    |                                  |
| Infrastructure                        | 463,263,553                      | 529,381             | 948,694                   | -                  | 464,741,628                      |
| Building and improvements             | 24,361,489                       | 299,515             | 205,375                   | -                  | 24,866,379                       |
| Machinery and equipment               | 28,260,988                       | 1,469,542           | 38,769                    | (754,808)          | 29,014,491                       |
| Accumulated depreciation              | (475,593,788)                    | (5,293,638)         | (35,872)                  | 740,282            | (480,183,016)                    |
| Net capital assets, depreciated       | <u>40,292,242</u>                | <u>(2,995,200)</u>  | <u>1,156,966</u>          | <u>(14,526)</u>    | <u>38,439,482</u>                |
| Capital assets, not depreciated       |                                  |                     |                           |                    |                                  |
| Land                                  | 4,337,164                        | -                   | -                         | -                  | 4,337,164                        |
| Construction in progress              | 1,043,621                        | 2,848,471           | (1,154,069)               | (53,606)           | 2,684,417                        |
| Total capital assets, not depreciated | <u>5,380,785</u>                 | <u>2,848,471</u>    | <u>(1,154,069)</u>        | <u>(53,606)</u>    | <u>7,021,581</u>                 |
| Total capital assets, net             | <u>\$ 45,673,027</u>             | <u>\$ (146,729)</u> | <u>\$ 2,897</u>           | <u>\$ (68,132)</u> | <u>\$ 45,461,063</u>             |

During 2018, depreciation expense was charged to functions as follows:

|  |                    |
|--|--------------------|
| General government                                 | 1,494,428          |
| Public safety                                      | 1,149,665          |
| Emergency medical services                         | 107,654            |
| Road and bridge                                    | 2,468,445          |
| Weeds  | 19,360             |
| Historical society and recreation                  | 54,086             |
| Total governmental activities depreciation expense | <u>\$5,293,638</u> |

### Business-type activities:

|                                   | Balance<br>September 30,<br>2017 | Additions      | Transfers/<br>Adjustments | Disposals        | Balance<br>September 30,<br>2018 |
|-----------------------------------|----------------------------------|----------------|---------------------------|------------------|----------------------------------|
| Capital assets, depreciated:      |                                  |                |                           |                  |                                  |
| Buildings and improvements        | 966,822                          | 26,980         | 29,533                    | -                | 1,023,335                        |
| Other improvements                | 3,217,124                        | 125,558        | 356,307                   | (7,521)          | 3,691,468                        |
| Machinery and equipment           | 1,616,934                        | 50,137         | (38,769)                  | (188,658)        | 1,439,644                        |
| Total capital assets, depreciated | <u>5,800,880</u>                 | <u>202,675</u> | <u>347,071</u>            | <u>(196,179)</u> | <u>6,154,447</u>                 |



## NOTE 5 Capital Assets (Continued)

|                                       | Balance<br>September 30,<br>2017 | Additions        | Transfers/<br>Adjustments | Disposals           | Balance<br>September 30,<br>2018 |
|---------------------------------------|----------------------------------|------------------|---------------------------|---------------------|----------------------------------|
| Less: accumulated depreciation        |                                  |                  |                           |                     |                                  |
| Buildings and improvements            | (471,186)                        | (30,724)         | -                         | -                   | (501,910)                        |
| Other improvements                    | (1,238,900)                      | (266,690)        | 7,521                     | -                   | (1,498,069)                      |
| Machinery and equipment               | (921,476)                        | (122,233)        | 188,658                   | 35,872              | (819,179)                        |
| Total accumulated depreciation        | <u>(2,631,562)</u>               | <u>(419,647)</u> | <u>196,179</u>            | <u>35,872</u>       | <u>(2,819,158)</u>               |
| Net capital assets, depreciated       | <u>3,169,318</u>                 | <u>(216,972)</u> | <u>543,250</u>            | <u>(160,307)</u>    | <u>3,335,289</u>                 |
| Capital assets, not depreciated       |                                  |                  |                           |                     |                                  |
| Land                                  | 518,416                          | -                | -                         | -                   | 518,416                          |
| Construction in progress              | 160,560                          | 282,558          | (385,840)                 | (36,789)            | 20,489                           |
| Total capital assets, not depreciated | <u>678,976</u>                   | <u>282,558</u>   | <u>(385,840)</u>          | <u>(36,789)</u>     | <u>538,905</u>                   |
| Total capital assets, net             | <u>\$ 3,848,294</u>              | <u>\$ 65,586</u> | <u>\$ 157,410</u>         | <u>\$ (197,096)</u> | <u>\$ 3,874,194</u>              |

During 2018, \$419,647 depreciation expense was charged to Solid Waste.

## NOTE 6 Leases

### Operating Leases

*Ambulance District* - The County entered into an agreement to lease a building for Sandpoint EMS Station #1 which expired September 30, 2018 and was renewed for an additional year. For the current year, the payments were \$5,753 per month. Total payments made for the year ended September 30, 2018 were \$69,031.

*Department of Motor Vehicles* - On October 1, 2012, the County entered into an agreement to lease a portion of Bonner Mall for office space for a period of 15 years, renewable annually. For the current year, the payments were \$1,157 per month. Total payments made during the year ended September 30, 2018, were \$13,882.

*Waterways* - The County leases access to the Hope boat launch for sportsman access on an annual renewal expiring September 30<sup>th</sup> of each year. Total payments made for the year ended September 30, 2018, were \$650.

*Airport Directors Office* - The County leases an office space from Granite Aviation on a month-to-month basis. Total payments made for the year ended September 30, 2018, were \$5,400.

## NOTE 6 Leases (Continued)

Annual required payments are as follows:

|       |                  |
|-------|------------------|
| 2019  | 91,034           |
| 2020  | 20,316           |
| 2021  | 20,701           |
| 2022  | 21,090           |
| 2023  | <u>21,481</u>    |
| Total | <u>\$174,622</u> |

### Capital Leases

The County has entered into various leases to purchase equipment and buildings. These lease agreements qualify as capital leases for accounting purposes and are recorded in the capital assets of the County. The original cost of the leased assets is \$5,980,555. The leases are collateralized by the assets. Future minimum annual lease payments under capital leases at September 30, 2018 are as follows:

| Year Ending September, 30                  | Road and<br>Bridge | Bonner County<br>Administration | Ambulance        | Technology<br>Department | Airport          | Total               |
|--|--------------------|---------------------------------|------------------|--------------------------|------------------|---------------------|
| 2019                                       | 1,141,292          | 171,989                         | 27,761           | 679                      | 28,059           | 1,369,780           |
| 2020                                       | 76,292             | 170,436                         | -                | -                        | 14,034           | 260,762             |
| 2021                                       | 76,292             | 164,390                         | -                | -                        | -                | 240,682             |
| 2022                                       | 409,647            | 1,079,828                       | -                | -                        | -                | 1,489,475           |
| 2023                                       | 205,000            | -                               | -                | -                        | -                | 205,000             |
| Thereafter                                 | -                  | -                               | -                | -                        | -                | -                   |
| Total minimum<br>lease payments            | <b>1,908,523</b>   | <b>1,586,643</b>                | <b>27,761</b>    | <b>679</b>               | <b>42,093</b>    | <b>3,565,699</b>    |
| Less: amounts<br>representing interest     | <u>(96,618)</u>    | <u>(211,958)</u>                | <u>(231)</u>     | <u>(2)</u>               | <u>(1,384)</u>   | <u>(310,193)</u>    |
| Present Value of minimum<br>Lease Payments | 1,811,905          | 1,374,685                       | 27,530           | 677                      | 40,709           | 3,255,505           |
| Less: amounts due<br>within one year       | <u>(1,095,719)</u> | <u>(107,675)</u>                | <u>(27,530)</u>  | <u>(677)</u>             | <u>(26,848)</u>  | <u>(1,258,449)</u>  |
| Amounts due after one year                 | <u>\$ 716,186</u>  | <u>\$ 1,267,010</u>             | <u>\$ -</u>      | <u>\$ -</u>              | <u>\$ 13,861</u> | <u>\$ 1,997,056</u> |
| Current Year Interest Payment              | <u>\$ 48,009</u>   | <u>\$ 67,774</u>                | <u>\$ 1,323</u>  | <u>\$ 139</u>            | <u>\$ 2,326</u>  | <u>\$ 119,571</u>   |
| Current Year Principal Payment             | <u>\$ 307,557</u>  | <u>\$ 104,354</u>               | <u>\$ 46,266</u> | <u>\$ 8,009</u>          | <u>\$ 25,733</u> | <u>\$ 491,919</u>   |

## NOTE 7 Long-Term Obligations

A summary of changes in long-term liabilities of the County for the year ended September 30, 2018 is as follows:

|                                  | <b>Long-Term<br/>Liabilities<br/>September<br/>30, 2017</b> | <b>Current Year<br/>Activity</b> | <b>Long-term<br/>Liabilities<br/>September<br/>30, 2018</b> | <b>Due Within<br/>One Year</b> |
|----------------------------------|---|----------------------------------|---|--------------------------------|
| <u>Governmental activities:</u>  |   |                                  |   |                                |
| Tax anticipation note payable    | 500,000   | (500,000)                        | -   | -                              |
| Compensated absences             | 1,119,672   | 152,329                          | 1,272,001   | -                              |
| Total governmental activities    | <u>\$ 1,619,672</u>   | <u>\$ (347,671)</u>              | <u>\$ 1,272,001</u>   | <u>\$ -</u>                    |
| <u>Business-type activities:</u> |   |                                  |   |                                |
| Compensated absences             | 48,816  | (8,072)                          | 40,744  | -                              |
| Total business-type activities   | <u>\$ 48,816</u>  | <u>\$ (8,072)</u>                | <u>\$ 40,744</u>  | <u>\$ -</u>                    |

## NOTE 8 Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of September 30, 2018 was as follows:

| <b>Fund</b>               | <b>Interfund<br/>Receivable</b> | <b>Interfund<br/>Payable</b> |
|---------------------------|---------------------------------|------------------------------|
| General Fund              | 140,610                         | -                            |
| Justice Fund              | 120,897                         | -                            |
| Tort Fund                 | 53,250                          | -                            |
| Airport Fund              | 266,486                         | -                            |
| Parks and Recreation Fund | 33,000                          | -                            |
| Ambulance District Fund   | -                               | 53,250                       |
| Grants Fund               | -                               | 560,993                      |
|                           | <u>\$ 614,243</u>               | <u>\$ 614,243</u>            |

The composition of Interfund transfers as of September 30, 2018 was as follows:

| <b>Fund</b>    | <b>Transfers Out</b> | <b>Transfers In</b> |
|----------------|----------------------|---------------------|
| General Fund   | 261,911              | -                   |
| Elections Fund | -                    | 261,911             |
| Total          | <u>\$ 261,911</u>    | <u>\$ 261,911</u>   |

## **NOTE 9      Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the participant or beneficiary) solely the property of the participant. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

*GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans--a rescission of GASB Statement No. 2 and an amendment of GASB Statement No. 31, rescinded prior standards and established new accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governmental employers. The County is in compliance with the IRC regulation. All assets and income of the County's 457 plan are held in a trust, custodial account or annuity contract as described in IRC Section 457(g) for the exclusive benefit of the plan participants and their beneficiaries. The County has no liability for losses under the plan. The assets and liabilities relating to this deferred compensation plan have been excluded from the County's financial statements.*

## **NOTE 10      Defined Benefit Pension Plan**

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended September 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2018. All amounts are as of June 30, 2018 unless otherwise noted.

### *Plan Description*

The County 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](http://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.

## **NOTE 10 Defined Benefit Pension Plan (Continued)**

### *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. Amounts in parenthesis represent police/firefighters.

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 and earnings from investments. 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) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of September 30, 2018 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. Bonner County's employer contributions required and paid were \$2,239,887, \$2,142,067, and \$1,971,023, for the years ended September 30, 2018, 2017 and 2016, respectively.

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

At September 30, 2018, the County reported a liability for its proportionate share of the net pension liability as of June 30, 2018. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County'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, 2018, the County's proportion was 0.6053360 percent.

**NOTE 10 Defined Benefit Pension Plan (Continued)**

The County's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. The pension expense (revenue) for the year ending June 30, 2018 was calculated at \$1,790,671.

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|---|--|---|
| Differences between expected and actual experience                              | 980,130  | 674,341   |
| Changes in assumptions or other inputs  | 580,996  | -   |
| Net difference between projected and actual earning on pension plan investments | -  | 992,041   |
| Change in proportionate share   | 92,226   | -   |
| Employer contributions subsequent to the measurement date                       | <u>524,466</u>                                       | <u>-</u>  |
| Total   | <u><u>\$2,177,818</u></u>                            | <u><u>\$1,666,382</u></u>                           |

\$524,466 reported as deferred outflow 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 ended September 30, 2019.

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:

| <b><u>For the Year<br/>Ending June 30:</u></b> | <b><u>Amount to be<br/>Recognized</u></b> |
|--|---|
| 2019   | 725,799                                   |
| 2020   | 85,521                                    |
| 2021   | (731,652)                                 |
| 2022   | (184,925)                                 |

## NOTE 10 Defined Benefit Pension Plan (Continued)

### *Actuarial Assumptions*

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

|                                      |                                  |
|--------------------------------------|----------------------------------|
| Inflation                            | 3.00%                            |
| Salary Increases including inflation | 3.75%                            |
| Investment rate of return            | 7.05% net of investment expenses |
| Cost-of-living adjustments           | 1.00%                            |

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

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. 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 PERSI'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.

## NOTE 10 Defined Benefit Pension Plan (Continued)

| Asset Class   | Target Allocation | Long - Term Expected Nominal Rate of (Arithmetic) | Long - Term Expected Real Rate of Return (Arithmetic) |
|---|-------------------|---|---|
| Core Fixed Income   | 30.00%            | 3.05%   | 0.80%   |
| Broad US Equities   | 55.00%            | 8.30%   | 6.05%   |
| Developed Foreign Equities  | 15.00%            | 8.45%   | 6.20%   |
| Assumed Inflation - Mean  |                   | 2.25%   | 2.25%   |
| Assumed Inflation - Standard Deviation  |                   | 1.50%   | 1.50%   |
| Portfolio Arithmetic Mean Return  |                   | 6.75%   | 4.50%   |
| Portfolio Standard Deviation  |                   | 12.54%  | 12.54%  |
| Portfolio Long-Term (Geometric) Expected Rate of Return                             |                   | 6.13%   | 3.77%   |
| Assumed Investment Expenses   |                   | 0.40%   | 0.40%   |
| Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses |                   | 5.73%   | 3.37%   |
| Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses        |                   |   | 4.19%   |
| Portfolio Standard Deviation  |                   |   | 14.16%  |
| <b>Valuation Assumptions Chosen by PERSI Board</b>                                  |                   |   |   |
| Long-Term Expected Real Rate of Return, Net of Investment Expenses                  |                   |   | 4.05%   |
| Assumed Inflation   |                   |   | 3.00%   |
| Long-Term Expected Geometric Rate of Return, Net of Investment Expenses             |                   |   | <b>7.05%</b>  |

### Discount Rate

Discount rate – The discount rate used to measure the total pension liability was 7.05%. 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 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 7.05 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 (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

|   | <b>1% Decrease<br/>(6.05%)</b> | <b>Current Discount<br/>Rate (7.05%)</b> | <b>1% Increase<br/>(8.05%)</b> |
|---|--------------------------------|--|--------------------------------|
| Employer's proportionate share of the net pension liability (asset) | \$22,350,836                   | \$8,928,812                              | \$(2,185,175)                  |



## **NOTE 10 Defined Benefit Pension Plan (Continued)**

### *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](http://www.persi.idaho.gov).

### *Payables to the pension plan*

At June 30, 2018, the County reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

## **NOTE 11 Contingent Liabilities and Commitments**

### **Grants**

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

### **Lawsuits**

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. Prior to October 1, 2017, the County carried first-dollar insurance. After this date the County self-insured a layer of risk and retained excess loss insurance for amounts above the self-insured retention with an aggregate stop-loss.

The second type of lawsuit facing the County involves uninsured claims. Presently the County is defending itself in one significant uninsured lawsuit i.e., Silverwing at Sandpoint, LLC (Silverwing) v. Bonner County related to the access rights of a private residential housing-hanger development next to the airport. During FY2017, the District Court entered a judgment against Bonner County in the amount of \$1,014,363 (promissory estoppel claim in the amount of \$250,000.00 plus \$764,363 in attorney's fees and related costs) and the County appealed the matter to the Idaho Supreme Court. As of the date of the audit issuance, the appeal process was still ongoing and it is anticipated that the Supreme Court will set the matter for oral argument during calendar year 2019.

## **NOTE 11     Contingent Liabilities and Commitments (Continued)**

In the prior year (FY2017), Bonner County was awarded \$741,730 for attorney fees related to previously dismissed claims brought against the County by Silverwing. This amount was appealed by Silverwing. During FY2018, the Ninth Circuit Court issued its formal mandate in favor of the County and the County received the \$741,730 during the year. After the formal mandate was issued, Bonner County filed a request for an additional award of \$291,379 for related attorney fees. This additional request remains pending as of the time of the audit issuance.

Due to the pending nature of the litigation, no liability or assets has been recorded as of September 30, 2018 for the judgment. At the conclusion of the Silverwing litigation activity the effect of the lawsuit settlements will be recorded.

Management of the County will vigorously defend against both insured and uninsured claims. Presently there are no other materially significant adverse claims pending against Bonner which would be covered through self-insurance.

## **NOTE 12     Risk Management**

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

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

The County employs a risk manager, 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 Companies Public Sector Services. Travelers is an insurance group serving private and public entities throughout the United States through provisions of property, general liability, auto liability, physical damage, and public officials' insurance. The County pays an annual premium to Travelers for insurance coverage.

At September 30, 2018, the County had a variety of outstanding claims. The County risk manager and legal staff maintain the position that the County bears little or no loss liability, based upon the strength of the claims and prior experience. All claims during the three years ended September 30, 2018 were below the limits of the insurance coverage.

### **NOTE 13     Conduit Debt Obligations**

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

### **NOTE 14     Performance Bonds**

The County is currently seeking redemption of over \$4.9 million of performance bonds pledged in relation to a golf course development within the County. The insurance company, which pledged the performance bonds, is in liquidation and the County has submitted the proof of claims for the performance bonds. The County estimates receiving a net recovery of 1%-5%.

### **NOTE 15     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 \$88,885 during the year. 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.

### **NOTE 16     Tax Abatement**

Bonner County enters into property tax abatements with local businesses under Idaho Code §63-602NN. Under the Code, the County may grant property tax abatements of up to 100 percent of plant investments that meet all tax incentive criteria as defined in I.C. §63-602NN (2).

## **NOTE 16 Tax Abatement (Continued)**

For the County's fiscal year ended September 30, 2018, the following agreements are as follows:

- J A 75% reduction in assessed value to a salad dressing manufacturer for investment in buildings or structural components of buildings which are included in the assessed value of the project for that particular tax year, effective for five years starting in tax year 2017. The total amount of exemption not to exceed \$4.65 million (75% of \$6.2 million total investment) of assessed value effect for five (5) years starting in tax year 2017. For tax year 2017, no exemption value was effective as the company had not started the improvements.
  
- J A 75% reduction in assessed value to an aircraft manufacturer for investment in buildings or structural components of buildings which are included in the assessed value of the project for that particular tax year, effective for five years starting in tax year 2016. The total amount of exemption not to exceed \$2,316,750 (75% of \$3,089,000 total investment). For tax year 2017, the total exemption value was \$1,893,465

The two tax abatements described above do not reduce the property tax levied by the County, rather, the market value used to set the levy rate was fractionally lower than if the abatement agreement was not in place.

## REQUIRED SUPPLEMENTARY INFORMATION



**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NET PENSION LIABILITY SCHEDULES**

**Schedule of the County's Share of Net Pension Liability\***

|  | <b>PERSI - Base Plan</b> |             |             |             |             |
|--|--------------------------|-------------|-------------|-------------|-------------|
|  | <b>As of June 30,</b>    |             |             |             |             |
|  | <b>2018</b>              | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
| Employer's portion of the net pension liability  | 0.6053360%               | 0.5979120%  | 0.5813633%  | 0.5581300%  | 0.5483179%  |
| Employer's proportionate share of the net pension liability  | 8,928,812                | 9,398,150   | 11,785,127  | 7,349,664   | 4,036,478   |
| Employer's covered employee payroll  | 19,294,118               | 18,394,362  | 16,841,635  | 15,484,685  | 14,713,655  |
| Employer's proportional share of the net pension liability as a percentage of its covered employee payroll | 46.28%                   | 51.09%      | 69.98%      | 47.46%      | 27.43%      |
| Plan fiduciary net position as a percentage of the total   | 91.69%                   | 90.68%      | 87.26%      | 91.38%      | 94.95%      |

**Schedule of the County's Contributions\***

|   | <b>PERSI - Base Plan</b> |             |             |             |             |
|---|--------------------------|-------------|-------------|-------------|-------------|
|   | <b>As of June 30,</b>    |             |             |             |             |
|   | <b>2018</b>              | <b>2017</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
| Statutorily required contribution - Class 1 Employees               | 1,499,173                | 1,417,518   | 1,297,861   | 1,193,638   | 1,134,203   |
| Statutorily required contribution - Class 2 Employees               | 705,493                  | 684,689     | 626,892     | 576,025     | 547,343     |
| Total Statutorily required contribution - All employees             | 2,204,666                | 2,102,207   | 1,924,753   | 1,769,663   | 1,681,546   |
| Contributions in relation to the statutorily required contribution  | (2,204,666)              | (2,102,207) | (1,924,753) | (1,769,663) | (1,681,546) |
| Contribution (deficiency) excess                                    | -                        | -           | -           | -           | -           |
| Employer's covered employee payroll - Class 1                       | 13,243,578               | 12,522,244  | 11,465,203  | 10,544,505  | 10,019,461  |
| Employer's covered employee payroll - Class 2                       | 6,050,540                | 5,872,118   | 5,376,432   | 4,940,180   | 4,694,194   |
| Contributions as a percentage of covered employee payroll - Class 1 | 11.32%                   | 11.32%      | 11.32%      | 11.32%      | 11.32%      |
| Contributions as a percentage of covered employee payroll - Class 2 | 11.66%                   | 11.66%      | 11.66%      | 11.66%      | 11.66%      |

\*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those use for which information is available.

Data is reported is measured as of June 30, 2018.

**NOTES TO THE NET PENSION LIABILITY SCHEDULES**

**As of June 30, 2018**

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2018 as follows:

\*Inflation changed to 3.0% from 3.25%

\*Salary increase changed to 3.75% from 4.25 - 10.00%

\*Investment rate of return changed to 7.05% from 7.10%

## **SUPPLEMENTARY INFORMATION**



**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
September 30, 2018

|  | Nonmajor<br>Special<br>Revenue Funds | Nonmajor<br>Capital Project<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|--------------------------------------|--------------------------------------|--|
| <b>ASSETS AND DEFERRED OUTFLOWS<br/>OF RESOURCES</b>                         |                                      |                                      |  |
| Assets:  |                                      |                                      |  |
| Cash and investments   | 5,885,243                            | 80                                   | 5,885,323                                  |
| Receivables, net of allowance for uncollectibles:                            |                                      |                                      |  |
| Taxes  | 213,525                              | -                                    | 213,525                                    |
| Unbilled taxes   | 5,240,728                            | -                                    | 5,240,728                                  |
| Interest   | 60                                   | -                                    | 60   |
| Fees   | 1,140                                | -                                    | 1,140                                      |
| Accounts   | 129,078                              | -                                    | 129,078                                    |
| Prepaid expenses   | 446,811                              | -                                    | 446,811                                    |
| Due from other governments   | 880,885                              | -                                    | 880,885                                    |
| Due from other funds   | 352,736                              | -                                    | 352,736                                    |
| Total assets   | <u>13,150,206</u>                    | <u>80</u>                            | <u>13,150,286</u>                          |
| Deferred outflows of resources   | -                                    | -                                    | -  |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS<br/>OF RESOURCES</b>                   | <u><u>\$ 13,150,206</u></u>          | <u><u>\$ 80</u></u>                  | <u><u>\$ 13,150,286</u></u>                |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCE</b>       |                                      |                                      |  |
| Liabilities:   |                                      |                                      |  |
| Accounts payable   | 1,050,805                            | -                                    | 1,050,805                                  |
| Accrued payroll  | 77,210                               | -                                    | 77,210                                     |
| Retirement payable   | 8,117                                | -                                    | 8,117                                      |
| Due to other funds   | 560,993                              | -                                    | 560,993                                    |
| Total liabilities  | <u>1,697,125</u>                     | <u>-</u>                             | <u>1,697,125</u>                           |
| Deferred inflows of resources  |                                      |                                      |  |
| Deferred revenue   | 173,166                              | -                                    | 173,166                                    |
| Unavailable tax revenue  | 5,240,728                            | -                                    | 5,240,728                                  |
| Total deferred inflows of resources  | <u>5,413,894</u>                     | <u>-</u>                             | <u>5,413,894</u>                           |
| Fund balance   |                                      |                                      |  |
| Nonspendable   | 446,811                              | -                                    | 446,811                                    |
| Restricted for:  |                                      |                                      |  |
| General governmental   | 2,360,383                            | -                                    | 2,360,383                                  |
| Public safety  | 1,723,754                            | -                                    | 1,723,754                                  |
| Historical society and recreation  | 546,667                              | -                                    | 546,667                                    |
| Health and welfare   | 673,074                              | -                                    | 673,074                                    |
| Weeds  | 47,674                               | -                                    | 47,674                                     |
| Road construction  | 240,824                              | -                                    | 240,824                                    |
| Capital projects   | -                                    | 80                                   | 80   |
| Total fund balance   | <u>6,039,187</u>                     | <u>80</u>                            | <u>6,039,267</u>                           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCE</b> | <u><u>\$ 13,150,206</u></u>          | <u><u>\$ 80</u></u>                  | <u><u>\$ 13,150,286</u></u>                |



**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
September 30, 2018

|   | <u>Airport</u>      | <u>Elections</u>  | <u>Drug Court</u> | <u>District Court</u> | <u>County Fair</u> | <u>911</u>        | <u>Court Facilities</u> |
|---|---------------------|-------------------|-------------------|-----------------------|--------------------|-------------------|-------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                          |                     |                   |                   |                       |                    |                   |                         |
| Assets:   |                     |                   |                   |                       |                    |                   |                         |
| Cash and investments  | 489,117             | 412,411           | 31,306            | 872,326               | 20,434             | 829,510           | 95,180                  |
| Receivables, net of allowance for uncollectibles:                         |                     |                   |                   |                       |                    |                   |                         |
| Taxes   | 25,980              | -                 | -                 | 50,615                | 10,458             | -                 | -                       |
| Unbilled taxes  | 503,154             | -                 | -                 | 1,222,464             | 333,341            | -                 | -                       |
| Interest  | -                   | -                 | -                 | -                     | -                  | -                 | -                       |
| Fees  | -                   | -                 | -                 | -                     | -                  | -                 | -                       |
| Accounts  | 10,117              | -                 | 304               | 18,221                | -                  | 57,151            | 1,040                   |
| Prepaid expenses  | -                   | -                 | -                 | 3,672                 | -                  | 3,543             | -                       |
| Due from other governments  | 574                 | -                 | -                 | 37,280                | -                  | -                 | -                       |
| Due from other funds  | 266,486             | -                 | -                 | -                     | -                  | -                 | -                       |
| Total assets  | <u>1,295,428</u>    | <u>412,411</u>    | <u>31,610</u>     | <u>2,204,578</u>      | <u>364,233</u>     | <u>890,204</u>    | <u>96,220</u>           |
| Deferred outflows of resources  | -                   | -                 | -                 | -                     | -                  | -                 | -                       |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 1,295,428</b> | <b>\$ 412,411</b> | <b>\$ 31,610</b>  | <b>\$ 2,204,578</b>   | <b>\$ 364,233</b>  | <b>\$ 890,204</b> | <b>\$ 96,220</b>        |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>       |                     |                   |                   |                       |                    |                   |                         |
| Liabilities:  |                     |                   |                   |                       |                    |                   |                         |
| Accounts payable  | 145,337             | 23,659            | 9,021             | 84,108                | -                  | 122,825           | -                       |
| Accrued payroll   | 2,307               | 3,068             | -                 | 21,715                | 4,112              | 17,218            | -                       |
| Accrued retirement payable  | 243                 | 323               | -                 | 2,283                 | 434                | 1,811             | -                       |
| Due to other funds  | -                   | -                 | -                 | -                     | -                  | -                 | -                       |
| Total liabilities   | <u>147,887</u>      | <u>27,050</u>     | <u>9,021</u>      | <u>108,106</u>        | <u>4,546</u>       | <u>141,854</u>    | <u>-</u>                |
| Deferred inflows of resources:  |                     |                   |                   |                       |                    |                   |                         |
| Deferred revenue  | 21,370              | -                 | -                 | 40,847                | 8,477              | -                 | -                       |
| Unavailable tax revenue   | 503,154             | -                 | -                 | 1,222,464             | 333,341            | -                 | -                       |
| Total deferred inflows of resources                                       | <u>524,524</u>      | <u>-</u>          | <u>-</u>          | <u>1,263,311</u>      | <u>341,818</u>     | <u>-</u>          | <u>-</u>                |
| Fund balances:  |                     |                   |                   |                       |                    |                   |                         |
| Nonspendable  | -                   | -                 | -                 | 3,672                 | -                  | 3,543             | -                       |
| Restricted for:   |                     |                   |                   |                       |                    |                   |                         |
| General governmental  | 623,017             | 385,361           | -                 | -                     | -                  | -                 | -                       |
| Public safety   | -                   | -                 | 22,589            | 829,489               | -                  | 744,807           | 96,220                  |
| Historical society and recreation   | -                   | -                 | -                 | -                     | 17,869             | -                 | -                       |
| Health and welfare  | -                   | -                 | -                 | -                     | -                  | -                 | -                       |
| Weeds   | -                   | -                 | -                 | -                     | -                  | -                 | -                       |
| Road construction   | -                   | -                 | -                 | -                     | -                  | -                 | -                       |
| Total fund balances   | <u>623,017</u>      | <u>385,361</u>    | <u>22,589</u>     | <u>833,161</u>        | <u>17,869</u>      | <u>748,350</u>    | <u>96,220</u>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 1,295,428</b> | <b>\$ 412,411</b> | <b>\$ 31,610</b>  | <b>\$ 2,204,578</b>   | <b>\$ 364,233</b>  | <b>\$ 890,204</b> | <b>\$ 96,220</b>        |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
September 30, 2018

|  | <u>Court Interlock</u> | <u>Health District</u> | <u>Historical Society</u> | <u>Indigent and Charity</u> | <u>Junior College</u> | <u>Revaluation</u>  |
|--|------------------------|------------------------|---------------------------|-----------------------------|-----------------------|---------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                         |                        |                        |                           |                             |                       |                     |
| Assets:  |                        |                        |                           |                             |                       |                     |
| Cash and investments   | 30,848                 | 41,560                 | 3,825                     | 635,359                     | 461,177               | 603,276             |
| Receivables, net of allowance for uncollectibles:                        |                        |                        |                           |                             |                       |                     |
| Taxes  | -                      | 10,289                 | 819                       | 1,235                       | -                     | 58,966              |
| Unbilled taxes   | -                      | 254,285                | 18,832                    | -                           | -                     | 1,658,903           |
| Interest   | -                      | -                      | -                         | -                           | -                     | -                   |
| Fees   | -                      | -                      | -                         | -                           | -                     | -                   |
| Accounts   | 176                    | -                      | -                         | 8,460                       | -                     | -                   |
| Prepaid expenses   | -                      | -                      | -                         | -                           | -                     | -                   |
| Due from other governments   | -                      | -                      | -                         | 205                         | 64,362                | 34,292              |
| Due from other funds   | -                      | -                      | -                         | -                           | -                     | -                   |
| Total assets   | <u>31,024</u>          | <u>306,134</u>         | <u>23,476</u>             | <u>645,259</u>              | <u>525,539</u>        | <u>2,355,437</u>    |
| Deferred outflows of resources   | -                      | -                      | -                         | -                           | -                     | -                   |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   | <b>\$ 31,024</b>       | <b>\$ 306,134</b>      | <b>\$ 23,476</b>          | <b>\$ 645,259</b>           | <b>\$ 525,539</b>     | <b>\$ 2,355,437</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>      |                        |                        |                           |                             |                       |                     |
| Liabilities:   |                        |                        |                           |                             |                       |                     |
| Accounts payable   | 375                    | -                      | -                         | 13,547                      | 84,620                | 5,665               |
| Accrued payroll  | -                      | -                      | -                         | 1,225                       | -                     | 21,636              |
| Accrued retirement payable   | -                      | -                      | -                         | 129                         | -                     | 2,270               |
| Due to other funds   | -                      | -                      | -                         | -                           | -                     | -                   |
| Total liabilities  | <u>375</u>             | <u>-</u>               | <u>-</u>                  | <u>14,901</u>               | <u>84,620</u>         | <u>29,571</u>       |
| :Deferred inflows of resources   |                        |                        |                           |                             |                       |                     |
| Deferred revenue   | -                      | 8,307                  | 662                       | 826                         | -                     | 47,717              |
| Unavailable tax revenue  | -                      | 254,285                | 18,832                    | -                           | -                     | 1,658,903           |
| Total deferred inflows of resources                                      | <u>-</u>               | <u>262,592</u>         | <u>19,494</u>             | <u>826</u>                  | <u>-</u>              | <u>1,706,620</u>    |
| Fund balance:  |                        |                        |                           |                             |                       |                     |
| Nonspendable   | -                      | -                      | -                         | -                           | -                     | -                   |
| Restricted for:  |                        |                        |                           |                             |                       |                     |
| General government   | -                      | -                      | -                         | -                           | 440,919               | 619,246             |
| Public safety  | 30,649                 | -                      | -                         | -                           | -                     | -                   |
| Historical society and recreation  | -                      | -                      | 3,982                     | -                           | -                     | -                   |
| Health and welfare   | -                      | 43,542                 | -                         | 629,532                     | -                     | -                   |
| Weeds  | -                      | -                      | -                         | -                           | -                     | -                   |
| Road construction  | -                      | -                      | -                         | -                           | -                     | -                   |
| Total fund balance   | <u>30,649</u>          | <u>43,542</u>          | <u>3,982</u>              | <u>629,532</u>              | <u>440,919</u>        | <u>619,246</u>      |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> | <b>\$ 31,024</b>       | <b>\$ 306,134</b>      | <b>\$ 23,476</b>          | <b>\$ 645,259</b>           | <b>\$ 525,539</b>     | <b>\$ 2,355,437</b> |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
September 30, 2018

|   | <u>Tort</u>                | <u>Weeds</u>             | <u>Parks and<br/>Recreation</u> | <u>Special<br/>Highway</u> | <u>Snowmobile -<br/>Priest Lake</u> | <u>Snowmobile-<br/>Sandpoint</u> |
|---|----------------------------|--------------------------|---------------------------------|----------------------------|-------------------------------------|----------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>        |                            |                          |                                 |                            |                                     |                                  |
| Assets:   |                            |                          |                                 |                            |                                     |                                  |
| Cash and investments                                    | 170,863                    | 64,753                   | 80,319                          | 143,685                    | 53,244                              | 98,967                           |
| Receivables, net of allowance for uncollectibles:       |                            |                          |                                 |                            |                                     |                                  |
| Taxes   | 45,494                     | 4,154                    | 5,493                           | -                          | -                                   | -                                |
| Unbilled taxes  | 1,057,637                  | 118,256                  | 73,856                          | -                          | -                                   | -                                |
| Interest  | -                          | -                        | -                               | -                          | -                                   | -                                |
| Fees  | -                          | -                        | -                               | -                          | -                                   | -                                |
| Accounts  | -                          | 56                       | -                               | 1,297                      | -                                   | -                                |
| Prepaid expenses  | 439,528                    | -                        | -                               | -                          | 68                                  | -                                |
| Due from other governments                              | -                          | -                        | -                               | 112,500                    | -                                   | -                                |
| Due from other funds                                    | 53,250                     | -                        | 33,000                          | -                          | -                                   | -                                |
| Total assets  | <u>1,766,772</u>           | <u>187,219</u>           | <u>192,668</u>                  | <u>257,482</u>             | <u>53,312</u>                       | <u>98,967</u>                    |
| Deferred outflows of resources                          | -                          | -                        | -                               | -                          | -                                   | -                                |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>  | <b>\$ <u>1,766,772</u></b> | <b>\$ <u>187,219</u></b> | <b>\$ <u>192,668</u></b>        | <b>\$ <u>257,482</u></b>   | <b>\$ <u>53,312</u></b>             | <b>\$ <u>98,967</u></b>          |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</b>       |                            |                          |                                 |                            |                                     |                                  |
| <b>AND FUND BALANCES</b>                                |                            |                          |                                 |                            |                                     |                                  |
| Liabilities:  |                            |                          |                                 |                            |                                     |                                  |
| Accounts payable  | 125,064                    | 16,813                   | 2,093                           | 14,790                     | -                                   | 6,338                            |
| Accrued payroll   | -                          | 1,009                    | 1,369                           | 1,690                      | -                                   | -                                |
| Accrued retirement payable                              | -                          | 106                      | 144                             | 178                        | -                                   | -                                |
| Due to other funds                                      | -                          | -                        | -                               | -                          | -                                   | -                                |
| Total liabilities                                       | <u>125,064</u>             | <u>17,928</u>            | <u>3,606</u>                    | <u>16,658</u>              | <u>-</u>                            | <u>6,338</u>                     |
| Deferred inflows of resources:                          |                            |                          |                                 |                            |                                     |                                  |
| Deferred revenue  | 37,130                     | 3,361                    | 4,469                           | -                          | -                                   | -                                |
| Unavailable tax revenue                                 | 1,057,637                  | 118,256                  | 73,856                          | -                          | -                                   | -                                |
| Total deferred inflows of resources                     | <u>1,094,767</u>           | <u>121,617</u>           | <u>78,325</u>                   | <u>-</u>                   | <u>-</u>                            | <u>-</u>                         |
| Fund balance:   |                            |                          |                                 |                            |                                     |                                  |
| Nonspendable  | 439,528                    | -                        | -                               | -                          | 68                                  | -                                |
| Restricted for:   |                            |                          |                                 |                            |                                     |                                  |
| General governmental                                    | 107,413                    | -                        | -                               | -                          | -                                   | -                                |
| Public safety   | -                          | -                        | -                               | -                          | -                                   | -                                |
| Historical society and recreation                       | -                          | -                        | 110,737                         | -                          | 53,244                              | 92,629                           |
| Health and welfare                                      | -                          | -                        | -                               | -                          | -                                   | -                                |
| Weeds   | -                          | 47,674                   | -                               | -                          | -                                   | -                                |
| Road construction                                       | -                          | -                        | -                               | 240,824                    | -                                   | -                                |
| Total fund balance                                      | <u>546,941</u>             | <u>47,674</u>            | <u>110,737</u>                  | <u>240,824</u>             | <u>53,312</u>                       | <u>92,629</u>                    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES</b> | <b>\$ <u>1,766,772</u></b> | <b>\$ <u>187,219</u></b> | <b>\$ <u>192,668</u></b>        | <b>\$ <u>257,482</u></b>   | <b>\$ <u>53,312</u></b>             | <b>\$ <u>98,967</u></b>          |
| <b>AND FUND BALANCE</b>                                 |                            |                          |                                 |                            |                                     |                                  |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
September 30, 2018

|  | <u>Waterways</u>         | <u>Grants</u>              | <u>Drainage<br/>District</u> | <u>Translator<br/>District</u> | <u>Total</u>                |
|--|--------------------------|----------------------------|------------------------------|--------------------------------|-----------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                         |                          |                            |                              |                                |                             |
| Assets:  |                          |                            |                              |                                |                             |
| Cash and investments   | 223,759                  | 507,198                    | 15,391                       | 735                            | 5,885,243                   |
| Receivables, net of allowance for uncollectibles:                        |                          |                            |                              |                                |                             |
| Taxes  | -                        | -                          | 5                            | 17                             | 213,525                     |
| Unbilled taxes   | -                        | -                          | -                            | -                              | 5,240,728                   |
| Interest   | -                        | 60                         | -                            | -                              | 60                          |
| Fees   | -                        | -                          | 241                          | 899                            | 1,140                       |
| Accounts   | 25,476                   | 6,780                      | -                            | -                              | 129,078                     |
| Prepaid expenses   | -                        | -                          | -                            | -                              | 446,811                     |
| Due from other governments   | 53,109                   | 578,563                    | -                            | -                              | 880,885                     |
| Due from other funds   | -                        | -                          | -                            | -                              | 352,736                     |
| Total assets   | <u>302,344</u>           | <u>1,092,601</u>           | <u>15,637</u>                | <u>1,651</u>                   | <u>13,150,206</u>           |
| Deferred outflows of resources   | -                        | -                          | -                            | -                              | -                           |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                   | <b><u>\$ 302,344</u></b> | <b><u>\$ 1,092,601</u></b> | <b><u>\$ 15,637</u></b>      | <b><u>\$ 1,651</u></b>         | <b><u>\$ 13,150,206</u></b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>      |                          |                            |                              |                                |                             |
| Liabilities:   |                          |                            |                              |                                |                             |
| Accounts payable   | 34,276                   | 362,274                    | -                            | -                              | 1,050,805                   |
| Accrued payroll  | 1,369                    | 492                        | -                            | -                              | 77,210                      |
| Accrued retirement payable   | 144                      | 52                         | -                            | -                              | 8,117                       |
| Due to other funds   | -                        | 560,993                    | -                            | -                              | 560,993                     |
| Total liabilities  | <u>35,789</u>            | <u>923,811</u>             | <u>-</u>                     | <u>-</u>                       | <u>1,697,125</u>            |
| Deferred inflows of resources:   |                          |                            |                              |                                |                             |
| Deferred revenue   | -                        | -                          | -                            | -                              | 173,166                     |
| Unavailable tax revenue  | -                        | -                          | -                            | -                              | 5,240,728                   |
| Total deferred inflows of resources                                      | <u>-</u>                 | <u>-</u>                   | <u>-</u>                     | <u>-</u>                       | <u>5,413,894</u>            |
| Fund balance:  |                          |                            |                              |                                |                             |
| Nonspendable   | -                        | -                          | -                            | -                              | 446,811                     |
| Restricted for:  |                          |                            |                              |                                |                             |
| General governmental   | -                        | 168,790                    | 15,637                       | -                              | 2,360,383                   |
| Public safety  | -                        | -                          | -                            | -                              | 1,723,754                   |
| Historical society and recreation  | 266,555                  | -                          | -                            | 1,651                          | 546,667                     |
| Health and welfare   | -                        | -                          | -                            | -                              | 673,074                     |
| Weeds  | -                        | -                          | -                            | -                              | 47,674                      |
| Road construction  | -                        | -                          | -                            | -                              | 240,824                     |
| Total fund balance   | <u>266,555</u>           | <u>168,790</u>             | <u>15,637</u>                | <u>1,651</u>                   | <u>6,039,187</u>            |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> | <b><u>\$ 302,344</u></b> | <b><u>\$ 1,092,601</u></b> | <b><u>\$ 15,637</u></b>      | <b><u>\$ 1,651</u></b>         | <b><u>\$ 13,150,206</u></b> |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Year Ended September 30, 2018

|  | <b>Total<br/>Nonmajor<br/>Special<br/>Revenue Funds</b> | <b>Nonmajor<br/>Capital Project<br/>Funds</b> | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|---|--|
| <b>Revenues</b>  |   |   |  |
| Taxes  | 5,120,874   | -   | 5,120,874  |
| Licenses and permits   | 262,003   | -   | 262,003  |
| Intergovernmental  | 3,374,170   | -   | 3,374,170  |
| Charges for services   | 1,774,302   | -   | 1,774,302  |
| Fines  | 119,385   | -   | 119,385  |
| Interest income  | 2,335   | -   | 2,335  |
| Miscellaneous  | 431,484   | -   | 431,484  |
| <b>Total revenues</b>  | <b>11,084,553</b>                                       | <b>-</b>                                      | <b>11,084,553</b>                                    |
| <b>Expenditures</b>  |   |   |  |
| General governmental   | 3,419,865   | -   | 3,419,865  |
| Public safety  | 3,944,109   | -   | 3,944,109  |
| Road and bridge  | 501,784   | -   | 501,784  |
| Weeds  | 125,547   | -   | 125,547  |
| Health   | 254,327   | -   | 254,327  |
| Welfare  | 246,226   | -   | 246,226  |
| Junior college   | 202,127   | -   | 202,127  |
| Historical society and recreation                            | 681,981   | -   | 681,981  |
| Capital outlay   | 1,517,221   | -   | 1,517,221  |
| Debt service:  |   |   |  |
| Principal  | 25,733  | -   | 25,733   |
| Interest   | 2,326   | -   | 2,326  |
| <b>Total expenditures</b>                                    | <b>10,921,246</b>                                       | <b>-</b>                                      | <b>10,921,246</b>                                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 163,307   | -   | 163,307  |
| <b>Other financing sources (uses)</b>                        |   |   |  |
| Transfers in   | 261,911   | -   | 261,911  |
| <b>Net change in fund balance</b>                            | <b>425,218</b>  | <b>-</b>                                      | <b>425,218</b>                                       |
| Fund balances - beginning of year                            | 5,613,969   | 80  | 5,614,049  |
| <b>Fund balances - end of year</b>                           | <b>\$ 6,039,187</b>                                     | <b>\$ 80</b>                                  | <b>\$ 6,039,267</b>                                  |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Year Ended September 30, 2018**

|  | <u>Airport</u>    | <u>Elections</u>  | <u>Drug Court</u> | <u>District Court</u> | <u>County Fair</u> | <u>911</u>        | <u>Court Facilities</u> |
|--|-------------------|-------------------|-------------------|-----------------------|--------------------|-------------------|-------------------------|
| <b>Revenues</b>  |                   |                   |                   |                       |                    |                   |                         |
| Taxes  | 594,410           | -                 | -                 | 1,065,276             | 229,485            | -                 | -                       |
| Licenses and permits   | -                 | -                 | -                 | -                     | -                  | -                 | -                       |
| Intergovernmental  | 12,846            | 110,941           | -                 | 221,729               | 2,113              | -                 | -                       |
| Charges for services   | 30,906            | -                 | 9,176             | 81,884                | -                  | 1,615,088         | 15,250                  |
| Fines  | -                 | -                 | -                 | 119,385               | -                  | -                 | -                       |
| Interest income  | -                 | -                 | -                 | -                     | -                  | 2,335             | -                       |
| Miscellaneous  | 120,875           | 240               | 12,600            | 92,773                | -                  | -                 | -                       |
| Total revenues   | <u>759,037</u>    | <u>111,181</u>    | <u>21,776</u>     | <u>1,581,047</u>      | <u>231,598</u>     | <u>1,617,423</u>  | <u>15,250</u>           |
| <b>Expenditures</b>  |                   |                   |                   |                       |                    |                   |                         |
| General governmental   | 628,278           | 271,233           | -                 | -                     | -                  | -                 | -                       |
| Public safety  | -                 | -                 | 15,548            | 1,716,334             | -                  | 1,428,333         | -                       |
| Road and bridge  | -                 | -                 | -                 | -                     | -                  | -                 | -                       |
| Weeds  | -                 | -                 | -                 | -                     | -                  | -                 | -                       |
| Health   | -                 | -                 | -                 | -                     | -                  | -                 | -                       |
| Welfare  | -                 | -                 | -                 | -                     | -                  | -                 | -                       |
| Junior college   | -                 | -                 | -                 | -                     | -                  | -                 | -                       |
| Historical society and recreation                            | -                 | -                 | -                 | -                     | 315,934            | -                 | -                       |
| Capital outlay   | 41,890            | 23,849            | -                 | 77,140                | -                  | 208,320           | -                       |
| Debt service:  |                   |                   |                   |                       |                    |                   |                         |
| Principal  | 25,733            | -                 | -                 | -                     | -                  | -                 | -                       |
| Interest   | 2,326             | -                 | -                 | -                     | -                  | -                 | -                       |
| Total expenditures   | <u>698,227</u>    | <u>295,082</u>    | <u>15,548</u>     | <u>1,793,474</u>      | <u>315,934</u>     | <u>1,636,653</u>  | <u>-</u>                |
| Excess (deficiency) of revenues<br>over (under) expenditures | 60,810            | (183,901)         | 6,228             | (212,427)             | (84,336)           | (19,230)          | 15,250                  |
| Other financing sources (uses)                               |                   |                   |                   |                       |                    |                   |                         |
| Transfers in   | -                 | 261,911           | -                 | -                     | -                  | -                 | -                       |
| Net change in fund balance                                   | 60,810            | 78,010            | 6,228             | (212,427)             | (84,336)           | (19,230)          | 15,250                  |
| Fund balances - beginning of year                            | 562,207           | 307,351           | 16,361            | 1,045,588             | 102,205            | 767,580           | 80,970                  |
| Fund balances - end of year                                  | <u>\$ 623,017</u> | <u>\$ 385,361</u> | <u>\$ 22,589</u>  | <u>\$ 833,161</u>     | <u>\$ 17,869</u>   | <u>\$ 748,350</u> | <u>\$ 96,220</u>        |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
For the Year Ended September 30, 2018

|   | <u>Court Interlock</u> | <u>Health District</u> | <u>Historical Society</u> | <u>Indigent &amp; Charity</u> | <u>Junior College</u> | <u>Revaluation</u> |
|---|------------------------|------------------------|---------------------------|-------------------------------|-----------------------|--------------------|
| <b>Revenues</b>   |                        |                        |                           |                               |                       |                    |
| Taxes   | -                      | 242,838                | 18,768                    | 6,922                         | -                     | 1,435,290          |
| Licenses and permits                                      | -                      | -                      | -                         | -                             | -                     | -                  |
| Intergovernmental   | -                      | 2,240                  | 173                       | -                             | 375,631               | 136,280            |
| Charges for services                                      | -                      | -                      | -                         | -                             | -                     | -                  |
| Fines   | -                      | -                      | -                         | -                             | -                     | -                  |
| Interest income   | -                      | -                      | -                         | -                             | -                     | -                  |
| Miscellaneous   | 3,481                  | -                      | -                         | 105,515                       | -                     | -                  |
| Total revenues  | <u>3,481</u>           | <u>245,078</u>         | <u>18,941</u>             | <u>112,437</u>                | <u>375,631</u>        | <u>1,571,570</u>   |
| <b>Expenditures</b>                                       |                        |                        |                           |                               |                       |                    |
| General governmental                                      | -                      | -                      | -                         | -                             | -                     | 1,481,403          |
| Public safety   | 2,068                  | -                      | -                         | -                             | -                     | -                  |
| Road and bridge   | -                      | -                      | -                         | -                             | -                     | -                  |
| Weeds   | -                      | -                      | -                         | -                             | -                     | -                  |
| Health  | -                      | 254,327                | -                         | -                             | -                     | -                  |
| Welfare   | -                      | -                      | -                         | 246,226                       | -                     | -                  |
| Junior college  | -                      | -                      | -                         | -                             | 202,127               | -                  |
| Historical society and recreation                         | -                      | -                      | 18,600                    | -                             | -                     | -                  |
| Capital outlay  | -                      | -                      | -                         | -                             | -                     | 840                |
| Debt service:   |                        |                        |                           |                               |                       |                    |
| Principal   | -                      | -                      | -                         | -                             | -                     | -                  |
| Interest  | -                      | -                      | -                         | -                             | -                     | -                  |
| Total expenditures  | <u>2,068</u>           | <u>254,327</u>         | <u>18,600</u>             | <u>246,226</u>                | <u>202,127</u>        | <u>1,482,243</u>   |
| Excess (deficiency) of revenues over (under) expenditures | 1,413                  | (9,249)                | 341                       | (133,789)                     | 173,504               | 89,327             |
| Other financing sources (uses)                            |                        |                        |                           |                               |                       |                    |
| Transfer in   | -                      | -                      | -                         | -                             | -                     | -                  |
| Net change in fund balance                                | 1,413                  | (9,249)                | 341                       | (133,789)                     | 173,504               | 89,327             |
| Fund balances - beginning of year                         | 29,236                 | 52,791                 | 3,641                     | 763,321                       | 267,415               | 529,919            |
| Fund balances - end of year                               | <u>\$ 30,649</u>       | <u>\$ 43,542</u>       | <u>\$ 3,982</u>           | <u>\$ 629,532</u>             | <u>\$ 440,919</u>     | <u>\$ 619,246</u>  |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
For the Year Ended September 30, 2018

|  | <u>Tort</u>       | <u>Weeds</u>     | <u>Parks and<br/>Recreation</u> | <u>Special<br/>Highway</u> | <u>Snowmobile -<br/>Priest Lake</u> | <u>Snowmobile-<br/>Sandpoint</u> |
|--|-------------------|------------------|---------------------------------|----------------------------|-------------------------------------|----------------------------------|
| <b>Revenues</b>  |                   |                  |                                 |                            |                                     |                                  |
| Taxes  | 1,333,402         | 37,913           | 120,450                         | -                          | -                                   | -                                |
| Licenses and permits   | -                 | -                | -                               | -                          | 38,367                              | 17,888                           |
| Intergovernmental  | 12,538            | 303              | 1,111                           | 450,000                    | -                                   | 3,000                            |
| Charges for services   | -                 | -                | 21,998                          | -                          | -                                   | -                                |
| Fines  | -                 | -                | -                               | -                          | -                                   | -                                |
| Interest income  | -                 | -                | -                               | -                          | -                                   | -                                |
| Miscellaneous  | 1,518             | 1,300            | -                               | 90,182                     | -                                   | -                                |
| Total revenues   | <u>1,347,458</u>  | <u>39,516</u>    | <u>143,559</u>                  | <u>540,182</u>             | <u>38,367</u>                       | <u>20,888</u>                    |
| <b>Expenditures</b>  |                   |                  |                                 |                            |                                     |                                  |
| General governmental   | 1,037,750         | -                | -                               | -                          | -                                   | -                                |
| Public safety  | -                 | -                | -                               | -                          | -                                   | -                                |
| Road and bridge  | -                 | -                | -                               | 501,784                    | -                                   | -                                |
| Weeds  | -                 | 125,547          | -                               | -                          | -                                   | -                                |
| Health   | -                 | -                | -                               | -                          | -                                   | -                                |
| Welfare  | -                 | -                | -                               | -                          | -                                   | -                                |
| Junior college   | -                 | -                | -                               | -                          | -                                   | -                                |
| Historical society and recreation                            | -                 | -                | 123,466                         | -                          | 35,270                              | 29,505                           |
| Capital outlay   | 2,279             | -                | -                               | 9,754                      | -                                   | -                                |
| Debt service:  |                   |                  |                                 |                            |                                     |                                  |
| Principal  | -                 | -                | -                               | -                          | -                                   | -                                |
| Interest   | -                 | -                | -                               | -                          | -                                   | -                                |
| Total expenditures   | <u>1,040,029</u>  | <u>125,547</u>   | <u>123,466</u>                  | <u>511,538</u>             | <u>35,270</u>                       | <u>29,505</u>                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 307,429           | (86,031)         | 20,093                          | 28,644                     | 3,097                               | (8,617)                          |
| Other financing sources (uses)                               |                   |                  |                                 |                            |                                     |                                  |
| Transfer in  | -                 | -                | -                               | -                          | -                                   | -                                |
| Net change in fund balance                                   | 307,429           | (86,031)         | 20,093                          | 28,644                     | 3,097                               | (8,617)                          |
| Fund balances - beginning of year                            | <u>239,512</u>    | <u>133,705</u>   | <u>90,644</u>                   | <u>212,180</u>             | <u>50,215</u>                       | <u>101,246</u>                   |
| Fund balances - end of year                                  | <u>\$ 546,941</u> | <u>\$ 47,674</u> | <u>\$ 110,737</u>               | <u>\$ 240,824</u>          | <u>\$ 53,312</u>                    | <u>\$ 92,629</u>                 |



**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
For the Year Ended September 30, 2018**

|  | <u>Waterways</u>  | <u>Grants</u>     | <u>Drainage<br/>District</u> | <u>Translator<br/>District</u> | <u>Total</u>        |
|--|-------------------|-------------------|------------------------------|--------------------------------|---------------------|
| <b>Revenues</b>  |                   |                   |                              |                                |                     |
| Taxes  | -                 | -                 | 3,684                        | 32,436                         | 5,120,874           |
| Licenses and permits   | 205,748           | -                 | -                            | -                              | 262,003             |
| Intergovernmental  | -                 | 2,045,265         | -                            | -                              | 3,374,170           |
| Charges for services   | -                 | -                 | -                            | -                              | 1,774,302           |
| Fines  | -                 | -                 | -                            | -                              | 119,385             |
| Interest income  | -                 | -                 | -                            | -                              | 2,335               |
| Miscellaneous  | 3,000             | -                 | -                            | -                              | 431,484             |
| Total revenues   | <u>208,748</u>    | <u>2,045,265</u>  | <u>3,684</u>                 | <u>32,436</u>                  | <u>11,084,553</u>   |
| <b>Expenditures</b>  |                   |                   |                              |                                |                     |
| General governmental   | -                 | -                 | 1,201                        | -                              | 3,419,865           |
| Public safety  | -                 | 781,826           | -                            | -                              | 3,944,109           |
| Road and bridge  | -                 | -                 | -                            | -                              | 501,784             |
| Weeds  | -                 | -                 | -                            | -                              | 125,547             |
| Health   | -                 | -                 | -                            | -                              | 254,327             |
| Welfare  | -                 | -                 | -                            | -                              | 246,226             |
| Junior college   | -                 | -                 | -                            | -                              | 202,127             |
| Historical society and recreation                            | 127,790           | -                 | -                            | 31,416                         | 681,981             |
| Capital outlay   | 53,153            | 1,099,996         | -                            | -                              | 1,517,221           |
| Debt service:  |                   |                   |                              |                                |                     |
| Principal  | -                 | -                 | -                            | -                              | 25,733              |
| Interest   | -                 | -                 | -                            | -                              | 2,326               |
| Total expenditures   | <u>180,943</u>    | <u>1,881,822</u>  | <u>1,201</u>                 | <u>31,416</u>                  | <u>10,921,246</u>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | 27,805            | 163,443           | 2,483                        | 1,020                          | 163,307             |
| Other financing sources (uses)                               |                   |                   |                              |                                |                     |
| Transfer in  | -                 | -                 | -                            | -                              | 261,911             |
| Net change in fund balance                                   | 27,805            | 163,443           | 2,483                        | 1,020                          | 425,218             |
| Fund balances - beginning of year                            | <u>238,750</u>    | <u>5,347</u>      | <u>13,154</u>                | <u>631</u>                     | <u>5,613,969</u>    |
| Fund balances - end of year                                  | <u>\$ 266,555</u> | <u>\$ 168,790</u> | <u>\$ 15,637</u>             | <u>\$ 1,651</u>                | <u>\$ 6,039,187</u> |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2018**

|                          | <u>Budgeted<br/>Revenue</u> | <u>Actual<br/>Revenue</u>   | <u>Budgeted<br/>Expenditures</u> | <u>Actual<br/>Expenditures</u> | <u>Beginning<br/>Fund<br/>Balance</u> | <u>Ending<br/>Fund<br/>Balance</u> |
|--------------------------|-----------------------------|-----------------------------|----------------------------------|--------------------------------|---------------------------------------|------------------------------------|
| Airport                  | 736,122                     | 759,037                     | 1,146,116                        | 698,227                        | 562,207                               | 623,017                            |
| Elections                | 370,683                     | 373,092                     | 370,683                          | 295,082                        | 307,351                               | 385,361                            |
| Drug Court               | 22,000                      | 21,776                      | 22,000                           | 15,548                         | 16,361                                | 22,589                             |
| District Court           | 1,593,152                   | 1,581,047                   | 2,123,309                        | 1,793,474                      | 1,045,588                             | 833,161                            |
| County Fair              | 397,276                     | 231,598                     | 486,040                          | 315,934                        | 102,205                               | 17,869                             |
| 911                      | 1,931,050                   | 1,617,423                   | 3,033,743                        | 1,636,653                      | 767,580                               | 748,350                            |
| Court Facilities Trust   | 13,000                      | 15,250                      | 53,000                           | -                              | 80,970                                | 96,220                             |
| Court Interlock Device   | 5,400                       | 3,481                       | 5,400                            | 2,068                          | 29,236                                | 30,649                             |
| Health District          | 263,094                     | 245,078                     | 254,327                          | 254,327                        | 52,791                                | 43,542                             |
| Historical Society       | 19,321                      | 18,941                      | 18,600                           | 18,600                         | 3,641                                 | 3,982                              |
| Indigent & Charity       | 55,998                      | 112,437                     | 360,926                          | 246,226                        | 763,321                               | 629,532                            |
| Junior College           | 292,000                     | 375,631                     | 292,000                          | 202,127                        | 267,415                               | 440,919                            |
| Revaluation              | 1,581,603                   | 1,571,570                   | 1,628,972                        | 1,482,243                      | 529,919                               | 619,246                            |
| Tort                     | 1,389,785                   | 1,347,458                   | 1,340,268                        | 1,040,029                      | 239,512                               | 546,941                            |
| Weeds                    | 38,993                      | 39,516                      | 137,800                          | 125,547                        | 133,705                               | 47,674                             |
| Parks and Recreation     | 139,156                     | 143,559                     | 139,713                          | 123,466                        | 90,644                                | 110,737                            |
| Special Highway          | 550,000                     | 540,182                     | 650,000                          | 511,538                        | 212,180                               | 240,824                            |
| Snowmobile - Priest Lake | 28,134                      | 38,367                      | 38,538                           | 35,270                         | 50,215                                | 53,312                             |
| Snowmobile - Sandpoint   | 17,596                      | 20,888                      | 35,168                           | 29,505                         | 101,246                               | 92,629                             |
| Waterways                | 164,400                     | 208,748                     | 238,471                          | 180,943                        | 238,750                               | 266,555                            |
| Grants                   | 6,000,000                   | 2,045,265                   | 6,000,000                        | 1,881,822                      | 5,347                                 | 168,790                            |
| Drainage District        | -                           | 3,684                       | -                                | 1,201                          | 13,154                                | 15,637                             |
| Translator District      | -                           | 32,436                      | -                                | 31,416                         | 631                                   | 1,651                              |
| <b>Total</b>             | <u><u>\$ 14,872,641</u></u> | <u><u>\$ 11,346,464</u></u> | <u><u>\$ 17,228,958</u></u>      | <u><u>\$ 10,921,246</u></u>    | <u><u>\$ 5,613,969</u></u>            | <u><u>\$ 6,039,187</u></u>         |

**SINGLE AUDIT SECTION**



**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2018**

|  | <u>Federal CFDA<br/>Number</u> | <u>Pass-Through<br/>Entity Identifying<br/>Number</u> | <u>Expenditures</u> |
|--|--------------------------------|---|---------------------|
| <b>U.S. Department of Agriculture</b>  |                                |   |                     |
| Passed through State Department of Education   |                                |   |                     |
| Child Nutrition Cluster-Cluster:   |                                |   |                     |
| National School Lunch Program  | 10.553                         | 201717N109947   | 306                 |
| National School Lunch Program  | 10.553                         | 201818N109947   | 3,547               |
| School Breakfast Program   | 10.555                         | 201717N109947   | 520                 |
| School Breakfast Program   | 10.555                         | 201718N109947   | 5,912               |
| Total Child Nutrition Cluster  |                                |   | <u>10,285</u>       |
| Passed through State Department of Lands   |                                |   |                     |
| Cooperative Forestry Assistance  |                                |   |                     |
| 2015 Lakeview Reeder   | 10.664                         | 15NFA1-02   | 42,589              |
| Total Cooperative Forestry Assistance  |                                |   | <u>42,589</u>       |
| Direct through U.S. Department of Agriculture  |                                |   |                     |
| Cooperative Forest Road Agreements   |                                |   |                     |
|  | 10.705                         | 17-RO-11010400-                                       | <u>494,373</u>      |
| Forest Service Schools and Roads Cluster   |                                |   |                     |
| Schools and Road - Grants to States  | 10.665                         | Not Available   | 438,324             |
| School and Roads - Grants to Counties  | 10.666                         | Not Available   | 52,553              |
| Total Forest Service Schools and Roads Cluster   |                                |   | <u>490,877</u>      |
| <b>Total U.S. Department of Agriculture</b>  |                                |   | <u>1,038,124</u>    |
| <b>U.S. Department of Justice - Direct</b>   |                                |   |                     |
| Juvenile Justice and Delinquency Prevention Act  | 16.540                         | 11-DC-1101  | 30,000              |
| Bullet Proof Vest Grant  | 16.607                         | Not Available   | 7,798               |
| Crime Victim Assistance  | 16.575                         | 2016-VA-GX0060  | 12,435              |
| <b>Total U.S. Department of Justice</b>  |                                |   | <u>50,233</u>       |
| <b>U.S. Department of Health and Human Services</b>  |                                |   |                     |
| State Innovation Models: Funding for Model Design<br>and Model Testing Assistance            |                                |   |                     |
|  | 93.624 ACA                     | 1G1CMS331399-   | 8,065               |
| Family Violence Prevention and Services/Domestic<br>Violence Shelter and Supportive Services |                                |   |                     |
|  | 93.671                         | G1701DFVPS  | 20,000              |
| <b>Total U.S. Department of Justice</b>  |                                |   | <u>28,065</u>       |

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

For the Year Ended September 30, 2018

|  | <u>Federal CFDA<br/>Number</u> | <u>Pass-Through Entity<br/>Identifying Number</u> | <u>Expenditures</u> |
|--|--------------------------------|---|---------------------|
| <b>U.S. Department of Transportation</b>                                   |                                |   |                     |
| Direct through U.S. Department of Transportation                           |                                |   |                     |
| Airport Improvement Program  |                                |   |                     |
| Sandpoint Environmental Assessment   | 20.106                         | 3-16-0033-015-2015                                | 56,837              |
| Sandpoint Obstruction Removal  | 20.106                         | 3-16-0033-16-2016                                 | 13,575              |
| PR Avigation Easement  | 20.106                         | 3-16-0058-006-2017                                | 261,059             |
| PR Land Acquisition and OR   | 20.106                         | 3-16-0058-007-2018                                | <u>303,997</u>      |
| Total Airport Improvement Plan   |                                |   | <u>635,468</u>      |
| Passed through Idaho Dept. of Transportation                               |                                |   |                     |
| Minimum Penalties for Repeat Offenders for<br>Driving While Intoxicated    | 20.608                         | Not Available                                     | <u>10,375</u>       |
| <b>Total U.S. Department of Transportation</b>                             |                                |   | <u>645,843</u>      |
| <b>U.S. Department of Homeland Security</b>                                |                                |   |                     |
| Passed through State Military Division                                     |                                |   |                     |
| Homeland Security Grant Program  |                                |   |                     |
| 2015 Homeland Security Grant Program                                       | 97.067                         | EMW2014SS00091                                    | 19,937              |
| 2016 Homeland Security Grant Program                                       | 97.067                         | EMW2016SS00028                                    | 52,650              |
| 2017 Homeland Security Grant Program                                       | 97.067                         | EMW2017SS00054                                    | <u>25,286</u>       |
| Total Homeland Security Grant Program                                      |                                |   | <u>97,873</u>       |
| Federal Boater Safety  | 97.012                         | 14.01.16  | 91,896              |
| Disaster Grants - Public Assistance (Presidentially<br>Declared Disasters) | 97.036                         | FEMA-4313-DR-ID                                   | 127,112             |
| Emergency Management Performance Grants                                    |                                |   |                     |
| 2016 EMPG Grant  | 97.042                         | EMS2016EP00004                                    | 6,104               |
| 2017 EMPG Grant  | 97.042                         | EMS2017EP00004                                    | <u>31,096</u>       |
| Total Emergency Management Performance Grants                              |                                |   | <u>37,200</u>       |
| Direct through U.S. Department of Homeland Security                        |                                |   |                     |
| Pre-Disaster Mitigation  | 97.047                         | EMS-2014-PC-0010                                  | <u>5,020</u>        |
| <b>Total U.S. Department of Homeland Security</b>                          |                                |   | <u>359,101</u>      |
| <b>Total Expenditures of Federal Awards</b>                                |                                |   | <u>\$ 2,121,366</u> |

**BONNER COUNTY, IDAHO**  
**Sandpoint, Idaho**

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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2018**

**NOTE 1      Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Bonner County, Idaho, under programs of the federal government for the year ended September 30, 2018. The information in this 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, changes in net position, or cash flows of Bonner County, Idaho.

**NOTE 2      Summary of Significant Accounting Policies**

1. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.
3. Bonner County, Idaho, has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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**

To the Board of County Commissioners  
Bonner County, Idaho  
Sandpoint, Idaho 83864

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of and for the year ended September 30, 2018 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 January 18, 2019.

**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 the 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

## **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*.

## **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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hayden Ross, PLLC*

Moscow, Idaho  
January 18, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

To the Board of County Commissioners  
Bonner County, Idaho  
Sandpoint, Idaho 83864

**Report on Compliance for 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, 2018. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Bonner County, Idaho's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bonner County, Idaho, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Bonner County, Idaho's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Bonner County, Idaho, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

### ***Report on Internal Control over Compliance***

Management of Bonner County, Idaho is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bonner County, Idaho's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bonner County, Idaho's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Hayden Ross, PLLC*

Moscow, Idaho  
January 18, 2019

**BONNER COUNTY, IDAHO**  
**Sandpoint, Idaho**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2018**

**Section I - Summary of Auditor's Results**

*Financial Statements*

|   |            |                       |
|---|------------|-----------------------|
| Type of auditor's report issued:                      | Unmodified |                       |
| Internal control over financial reporting:            |            |                       |
| - material weakness(es) identified?                   | ___ yes    | ___x___ no            |
| - significant deficiency(ies) identified?             | ___ yes    | ___x___ none reported |
| Noncompliance material to financial statements noted? | ___ yes    | ___x___ no            |

*Federal Awards*

|   |            |                       |
|---|------------|-----------------------|
| Internal control over major programs:   |            |                       |
| - material weakness(es) identified?   | ___ yes    | ___x___ no            |
| - significant deficiency(ies) identified?   | ___ yes    | ___x___ 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 Section 2 CFR section 200.516(a) | ___ yes    | ___x___ no            |

***Identification of major programs:  
Reporting Requirements and Communication Considerations***

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 10.665                | Forest Service Schools and Roads Cluster  |
| 20.106                | Airport Improvement Program               |

|  |                         |
|--|-------------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000               |
| Auditee qualified as a low-risk auditee?                                 | ___ yes      ___x___ no |

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
For the Year Ended September 30, 2018

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.