



BONNER COUNTY, IDAHO

Sandpoint, Idaho



Audited Financial Statements
For the Year Ended
September 30, 2021

BONNER COUNTY, IDAHO
Sandpoint, Idaho

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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, 2021, 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, 2021, and the respective changes in financial position and where applicable, cash flows, 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 4-13, the budgetary comparison schedules on pages 52-56 and the net pension (asset) liability related schedules on page 57 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 April 22, 2022 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
April 22, 2022

Bonner County, Idaho

Sandpoint, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2021

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, 2021. 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 and our two internal service funds are our only Proprietary Funds.

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, capital 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. Our Ambulance Service (EMS) is included in the governmental activities as further explained in Note 1.

Table 1 – summarizes the County's net position for 2021 compared to 2020:

Condensed Statements of Net Position							
	Governmental Activities		Business-type Activities		Total County		% Change
	2021	2020	2021	2020	2021	2020	2020 to 2021
Current & other assets	\$64,971,925	\$ 58,083,387	\$ 10,206,167	\$ 8,420,368	\$ 75,178,092	\$ 66,503,755	13.0%
Capital assets	45,754,695	44,716,688	2,597,721	3,009,189	48,352,416	\$ 47,725,877	1.3%
Noncurrent assets	486,111	-	21,418	-	507,529	\$ -	100.0%
Deferred outflows of resources	7,392,790	3,874,233	325,721	185,965	7,718,511	\$ 4,060,198	90.1%
Total assets and deferred outflows of resources	118,605,521	106,674,308	13,151,027	11,615,522	131,756,548	118,289,830	11.4%
Current and other liabilities	5,362,284	4,012,847	681,605	558,674	6,043,889	\$ 4,571,521	32.2%
Noncurrent liabilities	5,441,759	19,919,631	97,664	794,534	5,539,423	\$ 20,714,165	-73.3%
Deferred inflows of resources	54,534,879	31,432,545	5,626,631	4,896,407	60,161,510	\$ 36,328,952	65.6%
Total liabilities and deferred inflows of resources	65,338,922	55,365,023	6,405,900	6,249,615	71,744,822	61,614,638	16.4%
Net position							
Net investment in capital assets	41,647,801	40,453,504	2,597,721	3,009,189	44,245,522	43,462,693	1.8%
Restricted for:							
Gen. Gov.	4,736,187	3,810,844	-	-	4,736,187	3,810,844	24.3%
Public Safety	7,776,186	8,315,609	-	-	7,776,186	8,315,609	-6.5%
Road & Bridge	2,380,656	3,006,350	-	-	2,380,656	3,006,350	-20.8%
Emergency Med. Svc.	1,747,048	2,894,318	-	-	1,747,048	2,894,318	-39.6%
Debt. Service	-	-	664	664	664	664	0.0%
Historical Soc. & Rec.	353,076	358,805	-	-	353,076	358,805	-1.6%
Health & welfare	488,197	506,424	-	-	488,197	506,424	-3.6%
Weeds	2,360	15,710	-	-	2,360	15,710	-85.0%
Self funded health ins.	42,837	(160,505)	-	-	42,837	(160,505)	-126.7%
Road Construction	461,579	500,565	-	-	461,579	500,565	-7.8%
Capital Projects	241	241	-	-	241	241	0.0%
Unrestricted	(6,369,569)	(8,392,580)	4,146,742	2,356,054	(2,222,827)	(6,036,526)	63.2%
Total net position	53,266,599	51,309,285	6,745,127	5,365,907	60,011,726	56,675,192	5.9%

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 \$60,011,726 (\$53,266,599 in governmental activities and \$6,745,127 in business-type activities) as of September 30, 2021. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (30%) represents resources that are subject to restrictions on how they can be used. The remaining balance of unrestricted assets may be used to meet the County's ongoing obligations to citizens and creditors.

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 2021 and 2020:

Changes in Net Position							
	Governmental Activities		Business-type Activities		Total County		Total % change
	2021	2020	2021	2020	2021	2020	2021/20
Revenues							
Program revenues:							
Charges for services	\$ 6,517,032	\$ 5,622,435	\$ 4,268,349	\$ 3,491,109	\$ 10,785,381	\$ 9,113,544	18.3%
Operating grants & contributions	2,314,020	3,252,219	-	34	\$ 2,314,020	3,252,253	-28.8%
Capital grants & contributions	1,836,743	1,182,734	-	-	\$ 1,836,743	1,182,734	55.3%
General revenues:							
Property taxes	30,109,655	29,886,149		-	\$ 30,109,655	29,886,149	0.7%
Other taxes	-	-	4,942,547	4,865,880	\$ 4,942,547	4,865,880	1.6%
Inter-governmental	9,426,556	7,644,210	-	-	\$ 9,426,556	7,644,210	23.3%
Contributions to Self-Funded Health Ins	4,103,875	3,493,219	-	-	\$ 4,103,875	3,493,219	17.5%
Other Revenues	2,446,512	2,935,701	5,174	8,661	\$ 2,451,686	2,944,362	-16.7%
Total Revenues	56,754,393	54,016,667	9,216,070	8,365,684	65,970,463	62,382,351	5.8%
Expenses							
General government	16,803,163	17,133,242	-	-	\$ 16,803,163	17,133,242	-1.9%
Public safety	22,620,818	24,061,027	-	-	\$ 22,620,818	24,061,027	-6.0%
Emergency Med. Svc.	4,110,841	4,015,027	-	-	\$ 4,110,841	4,015,027	2.4%
Road & Bridge	9,583,834	10,178,763	-	-	\$ 9,583,834	10,178,763	-5.8%
Weeds	134,635	146,146	-	-	\$ 134,635	146,146	-7.9%
Health	256,981	253,399	-	-	\$ 256,981	253,399	1.4%
Welfare	110,746	154,243	-	-	\$ 110,746	154,243	-28.2%
Junior college	133,402	150,337	-	-	\$ 133,402	150,337	-11.3%
Historical society & recreation	862,285	1,018,647	-	-	\$ 862,285	1,018,647	-15.3%
Capital outlay	174,474	345,468	-	-	\$ 174,474	345,468	-49.5%
Interest on Long-term debt	150,859	148,248	-	-	\$ 150,859	148,248	1.8%
Solid waste	-	-	7,836,850	7,508,339	\$ 7,836,850	7,508,339	4.4%
Total expenses	54,942,038	57,604,547	7,836,850	7,508,339	62,778,888	65,112,886	-3.6%
Change in net position	1,812,355	(3,587,880)	1,379,220	857,345	3,191,575	(2,730,535)	-216.9%

Governmental Activities

Charges for services were the County's largest program revenue, accounting for \$6,517,032 or 11.5% 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 \$4,150,763 or 7.3% of total governmental revenues.

Property tax revenues account for \$30,109,655 of the \$56,754,393 total revenues for governmental activities or 53.1% of total revenues.

The largest program was Public Safety, accounting for \$22,620,818 and representing 41.2% of total governmental expenses. Road and Bridge accounted for \$9,583,834 of the \$54,942,038 total expenses for governmental activities, or 17.4% of total expenses.

Tables 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 \$6,517,032, \$1,869,159 was received and used to fund the general government expenses of \$16,803,163 of the County. The remaining \$38,138,875 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 2021 and 2020:

Condensed Statement of Activities						
	Total Cost of Services		% Change	Net Cost of Services		% Change
	2021	2020	2020-2021	2021	2020	2020-2021
General government	\$ 16,803,163	\$ 17,133,242	-1.9%	\$ 13,556,654	\$ 14,831,365	-8.6%
Public safety	22,620,818	24,061,027	-6.0%	18,235,341	19,282,095	-5.4%
Emergency Med. Svc.	4,110,841	4,015,027	2.4%	2,685,202	1,934,913	38.8%
Road & Bridge	9,583,834	10,178,763	-5.8%	8,005,889	9,313,037	-14.0%
Weeds	134,635	146,146	-7.9%	134,635	146,146	-7.9%
Health	256,981	253,399	1.4%	256,981	253,399	1.4%
Welfare	110,746	154,243	-28.2%	110,746	154,243	-28.2%
Junior college	133,402	150,337	-11.3%	133,402	150,337	-11.3%
Historical Society & Rec.	862,285	1,018,647	-15.3%	830,060	987,908	-16.0%
Capital outlay	174,474	345,468	-49.5%	174,474	345,468	-49.5%
Interest on long-term debt	150,859	148,248	1.8%	150,859	148,248	1.8%
Total Cost	\$ 54,942,038	\$ 57,604,547	-4.6%	\$ 44,274,243	\$ 47,547,159	-6.9%

Business-Type Activities

The net position for business-type activities increased by \$1,379,220 during the year and charges for services revenue was \$4,268,349.

Governmental Funds: The major funds include our Current Expense, Justice, Road and Bridge, Grants and the Ambulance District funds.

Proprietary Fund: During fiscal year 2021, actual revenues exceeded expenses by \$1,379,220 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 increased by \$626,539 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 notes 6 and 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 \$1,046,506.

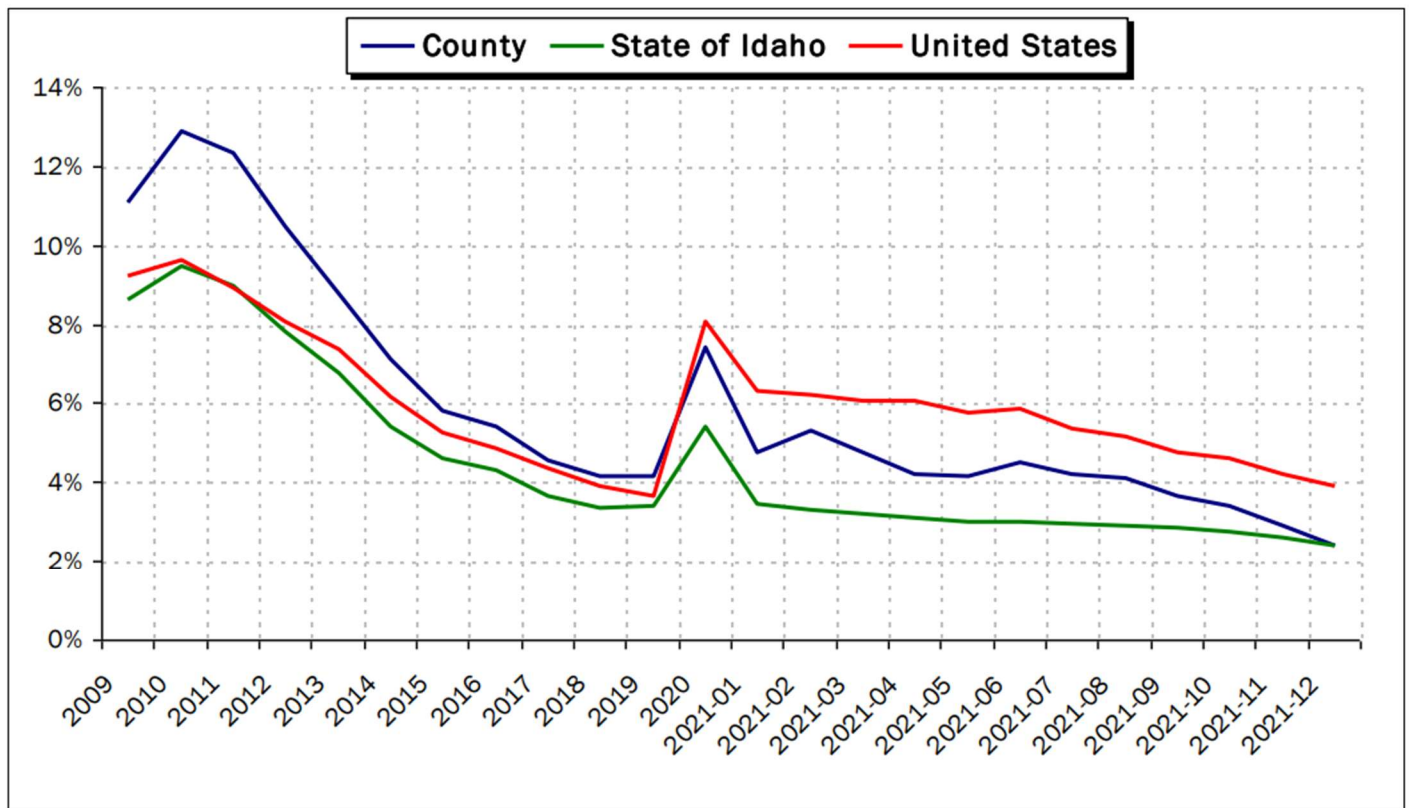
Budget Variations

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.

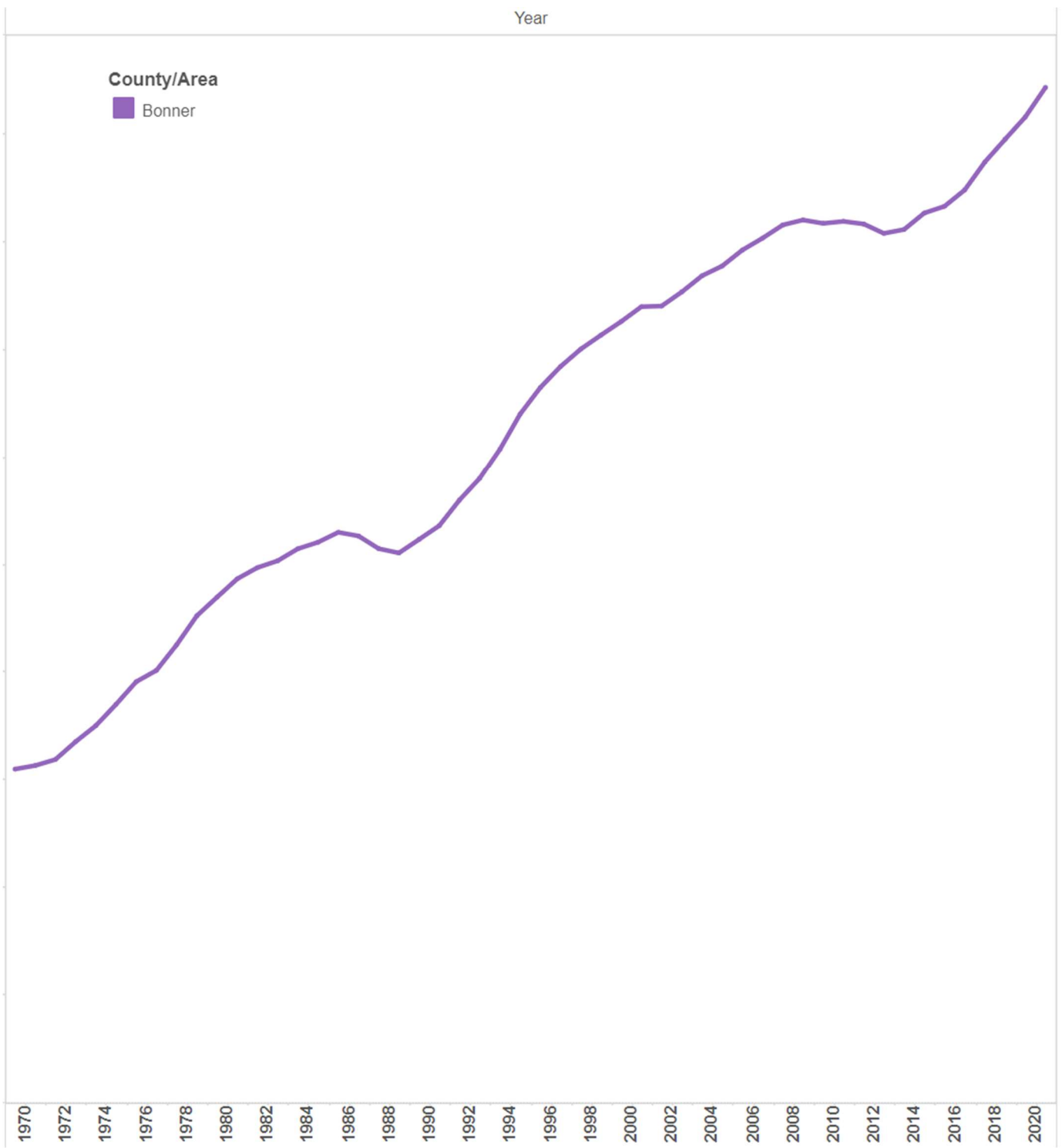
Bonner County Economic Overview

Civilian Labor Force (Dec 2021) 21,264
Unemployment rate (Dec 2021) 2.4%
Population (2020) 46,817
Median Household Income (2019) \$50,256
Per Capita Personal Income (2020) \$44,751
Poverty Rate (2019) 14.6%

Seasonally-Adjusted Unemployment Rate, 2009-Current



Source: Idaho Department of Labor



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):

For Plan Year October 2020 – September 2021, Bonner County's final loss ratio was 101.3% on the medical plan resulting in a \$50,489 deficit for the year. Total medical plan costs per employee were up 4.2% from the prior year. The PPO copay plan ended with a loss ratio of 118.1% while the HSA plan resulted in a 93.1% loss ratio. Bonner County's final loss ratio was 99% on the Delta Dental self-funded plan. Compared to the previous year the total dental plan costs per employee increased 14.2%. Bonner County's engagement on the wellness program has continued to increase and the goal is to look at options to improve engagement with both PacificSource, WellWorks, and an independent wellness consultant with PayneWest. The goal is better risk scores and health outcomes through increased participation and engagement of the wellness program.

Risk Management & Liability Insurance:

Bonner County's Self Insured Retention (SIR) program entered its fourth year with continued success. While other public entities across the US faced rising liability insurance costs, Bonner County was able to secure insurance with greater coverage for less cost than the previous year.

Bonner County's workers compensation insurance experience modifier rate (MOD) dropped from 1.29 to 0.96, which reflects a cost reduction of approximately 25%. This was largely made possible by Bonner County's low loss experience which is the product of our strong commitment to professionalism, accountability and risk management. Bonner County's department heads and managers supported the ambitious training program selected by the Board of Commissioners. This program included orientation, compliance, safety, and customer service-related classes.

Road & Bridge:

Bonner County Road and Bridge completed several construction projects in 2021. They applied a BST hard surface the remaining 3.4 miles of gravel on Lakeshore drive and applied an asphalt hard surface to .65 miles of North Boyer, .43 miles of Woodland Drive, 200 ft of Gooby Road, and 2.3 miles of East River Road. Road & Bridge also rebuilt .53 miles of Old Priest River Road with a chronic slide issue including the asphalt surface. The department worked with ITD and applied an asphalt hard surface to the maintained portion of Old House Road while they were working on paving a portion the Granite hill project and also applied 200 ft of asphalt to two Railroad crossings Jewel Lake and Lakeshore drive. Road and bridge applied 67 miles of chip seal to our asphalt roads and also treated 263 miles of gravel roads with Mag. and finished the Heath Lake Road realignment and Railroad crossing closure project and the East river slide project as well. Road and bridge is looking at another busy year as we approach our construction season for 2022. The department has plans to apply asphalt to 2.8 miles of Clagstone Rd and 2.2 miles of Camp Bay Rd. and will be chip sealing another 60+ miles this year as well as around 300 miles of Mag. This is not including any Gravel roads, Guard rail, or Bridge projects or construction throughout all 3 districts.

Planning:

Bonner County Planning has been busy to say the least. The County accepted applications that will create 754 new lots in 2021 through the variety of land division processes from family exemptions to regular subdivisions. (Some of these applications are still in final process), Interesting about this number is there were 853 residential structure permits applied for including accessory dwelling units (117) and RV dwelling units (75). Along with the growth has come plenty of conversations, ideas and direction on addressing these issues. The Board recently approved creating a planning and a zoning commission dividing the responsibilities to allow for the planning commission to focus on updating the comprehensive plan. The five subarea plans are complete and ready for the planning commission to add them to the County

comprehensive plan. The zoning commission will be the committee that approves or recommends judicial files such as subdivision, zone changes, conditional use permits and variances. This next year will be a continuation of all this work.

EMS:

Bonner County EMS continues on its record setting pace for call volume. Last year 2021, BCEMS set a record with almost 5000 calls for service. Currently, year-to-date, BCEMS is running almost 10% over 2021 in the same period. If this trend continues, BCEMS is set to outpace 2021 numbers. One of the biggest issues currently facing our agency is the current lack of affordable housing in our area. BCEMS is set to have several employees retire over the next few years and replenishing our ranks could prove a challenge if this trend for affordable housing continues. EMT's and Paramedics desiring to work for our agency can easily be soured when trying to find housing in Bonner County. BCEMS management is aware of this and currently working to find solutions on what could be a long-term problem. BCEMS EMT's and Paramedics continue to rise to the occasion, no matter what. Our crews have handled record call volume, a worldwide pandemic and continue to provide high quality emergency medical care to the citizens and visitors of our beautiful county each and every day.

Solid Waste:

Bonner County Solid Waste closed the unstaffed Wrenco Collection Site and collaborated with property owners in Laclede to open the brand-new Midway Collection Site. A Capital Improvement Bond for Solid Waste was approved last May by the voters in Bonner County. The bond will provide funding for much needed improvements at various collection sites throughout the county. Solid Waste tonnage increased over by 8% in 2021, but not surprising with the growth we are experiencing, due to this increase our collection sites are no longer accepting out of county waste.

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, 2021

	PRIMARY GOVERNMENT		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and investments	25,247,310	4,718,080	29,965,390
Receivables, net of allowance for uncollectibles:			
Taxes	876,139	-	876,139
Special assessments	-	156,620	156,620
Unbilled taxes	34,033,681	-	34,033,681
Unbilled special assessments	-	4,941,467	4,941,467
Interest	61	-	61
Fees	651	-	651
Accounts, net	384,317	374,049	758,366
Prepaid expenses	1,173,650	15,027	1,188,677
Due from other governments	3,168,307	260	3,168,567
Restricted assets:			
Deposit	87,809	-	87,809
Cash on deposit with fiscal agent	-	664	664
Total current assets	<u>64,971,925</u>	<u>10,206,167</u>	<u>75,178,092</u>
Noncurrent assets:			
Land	4,693,648	518,416	5,212,064
Construction in progress	2,719,083	-	2,719,083
Depreciable capital assets, net of accumulated depreciation	38,341,964	2,079,305	40,421,269
Net pension asset	486,111	21,418	507,529
Total noncurrent assets	<u>46,240,806</u>	<u>2,619,139</u>	<u>48,859,945</u>
Total assets	<u>111,212,731</u>	<u>12,825,306</u>	<u>124,038,037</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	<u>7,392,790</u>	<u>325,721</u>	<u>7,718,511</u>
LIABILITIES			
Current liabilities:			
Warrants payable	32,954	-	32,954
Accounts payable	3,265,670	638,791	3,904,461
Accrued payroll	887,114	38,479	925,593
Accrued retirement payable	99,867	4,335	104,202
IBNR claims liability	286,369	-	286,369
Capital leases payable, current portion	790,310	-	790,310
Total current liabilities	<u>5,362,284</u>	<u>681,605</u>	<u>6,043,889</u>
Noncurrent liabilities:			
Accrued compensated absences	2,125,175	97,664	2,222,839
Capital leases payable, less current portion	3,316,584	-	3,316,584
Total noncurrent liabilities	<u>5,441,759</u>	<u>97,664</u>	<u>5,539,423</u>
Total liabilities	<u>10,804,043</u>	<u>779,269</u>	<u>11,583,312</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable tax revenue	34,033,681	-	34,033,681
Unavailable special assessment revenue	-	4,941,467	4,941,467
Deferred grant revenue	4,950,248	-	4,950,248
Pension related items	15,550,950	685,164	16,236,114
Total deferred inflows of resources	<u>54,534,879</u>	<u>5,626,631</u>	<u>60,161,510</u>
NET POSITION			
Net investment in capital assets	41,647,801	2,597,721	44,245,522
Restricted for:			
General government	4,736,187	-	4,736,187
Public safety	7,776,186	-	7,776,186
Road and bridge	2,380,656	-	2,380,656
Emergency medical services	1,747,048	-	1,747,048
Debt service	-	664	664
Historical society and recreation	353,076	-	353,076
Health and welfare	488,197	-	488,197
Weeds	2,360	-	2,360
Self funded insurance	42,837	-	42,837
Road construction	461,579	-	461,579
Capital projects	241	-	241
Unrestricted	<u>(6,369,569)</u>	<u>4,146,742</u>	<u>(2,222,827)</u>
Total net position	<u>\$ 53,266,599</u>	<u>\$ 6,745,127</u>	<u>\$ 60,011,726</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	Expenses						
FUNCTIONS/PROGRAMS							
Governmental activities:							
General government	16,803,163	1,869,159	278,749	1,098,601	(13,556,654)	-	(13,556,654)
Public safety	22,620,818	3,202,959	1,182,518	-	(18,235,341)	-	(18,235,341)
Emergency medical services	4,110,841	1,412,689	12,950	-	(2,685,202)	-	(2,685,202)
Road and bridge	9,583,834	-	839,803	738,142	(8,005,889)	-	(8,005,889)
Weeds	134,635	-	-	-	(134,635)	-	(134,635)
Health	256,981	-	-	-	(256,981)	-	(256,981)
Welfare	110,746	-	-	-	(110,746)	-	(110,746)
Junior college	133,402	-	-	-	(133,402)	-	(133,402)
Historical society and recreation	862,285	32,225	-	-	(830,060)	-	(830,060)
Capital outlay	174,474	-	-	-	(174,474)	-	(174,474)
Interest on long-term debt	150,859	-	-	-	(150,859)	-	(150,859)
Total governmental activities	54,942,038	6,517,032	2,314,020	1,836,743	(44,274,243)	-	(44,274,243)
Business-type activities:							
Solid waste	7,836,850	4,268,349	-	-	-	(3,568,501)	(3,568,501)
Total business-type activities	7,836,850	4,268,349	-	-	-	(3,568,501)	(3,568,501)
Total primary government	<u>\$ 62,778,888</u>	<u>\$ 10,785,381</u>	<u>\$ 2,314,020</u>	<u>\$ 1,836,743</u>	<u>(44,274,243)</u>	<u>(3,568,501)</u>	<u>(47,842,744)</u>
General revenues							
Taxes:							
Property taxes, levied for general purposes				30,109,655	-	-	30,109,655
Special assessments				-	4,942,547	-	4,942,547
Intergovernmental				9,426,556	-	-	9,426,556
Licenses and permits				1,154,691	-	-	1,154,691
Fines				133,713	-	-	133,713
Contributions to self-funded insurance				4,103,875	-	-	4,103,875
Miscellaneous				1,079,572	5,174	-	1,084,746
Interest and investment earnings				78,536	-	-	78,536
Total general revenue				<u>46,086,598</u>	<u>4,947,721</u>	-	<u>51,034,319</u>
Change in net position				1,812,355	1,379,220	-	3,191,575
Net position - beginning of year, as restated (Note 19)				<u>51,454,244</u>	<u>5,365,907</u>	-	<u>56,820,151</u>
Total net position - end of year				<u>\$ 53,266,599</u>	<u>\$ 6,745,127</u>	-	<u>\$ 60,011,726</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2021

	Current Expense	Justice	Road and Bridge	Grants	Ambulance District	Nonmajor Governmental	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Cash and investments	3,249,959	5,725,697	3,047,409	4,538,923	1,801,694	6,642,073	25,005,755
Receivables, net of allowance for uncollectibles:							
Taxes	129,530	389,449	148,394	-	55,675	153,091	876,139
Unbilled taxes	5,951,885	15,171,855	4,377,117	-	2,707,881	5,824,943	34,033,681
Interest	-	-	-	61	-	-	61
Fees	-	-	-	-	-	651	651
Accounts, net	3,644	-	1,800	-	329,314	49,559	384,317
Prepaid expenses	259,983	22,660	37,740	-	52,736	800,531	1,173,650
Due from other governments	445,709	473,483	992,957	905,860	-	350,298	3,168,307
Due from other funds	130,535	102,411	-	-	-	276,561	509,507
Total assets	10,171,245	21,885,555	8,605,417	5,444,844	4,947,300	14,097,707	65,152,068
Deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,171,245</u>	<u>\$ 21,885,555</u>	<u>\$ 8,605,417</u>	<u>\$ 5,444,844</u>	<u>\$ 4,947,300</u>	<u>\$ 14,097,707</u>	<u>\$ 65,152,068</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Warrants payable	-	-	-	-	32,704	250	32,954
Accounts payable	595,433	429,050	1,717,566	141,087	91,650	290,726	3,265,512
Accrued payroll	176,340	348,736	117,034	9,860	88,760	146,384	887,114
Accrued retirement payable	19,932	39,162	13,044	1,094	10,257	16,378	99,867
Due to other funds	-	-	-	240,507	269,000	-	509,507
Total liabilities	791,705	816,948	1,847,644	392,548	492,371	453,738	4,794,954
Deferred inflows of resources:							
Deferred revenue	107,913	326,073	123,327	-	47,636	127,414	732,363
Deferred grant revenue	-	-	-	4,950,248	-	-	4,950,248
Unavailable tax revenue	5,951,885	15,171,855	4,377,117	-	2,707,881	5,824,943	34,033,681
Total deferred inflows of resources	6,059,798	15,497,928	4,500,444	4,950,248	2,755,517	5,952,357	39,716,292
Fund balance:							
Nonspendable	259,983	22,660	37,740	-	52,736	800,531	1,173,650
Restricted for:							
General government	-	-	-	-	-	3,878,549	3,878,549
Public safety	-	5,548,019	-	102,048	-	1,729,050	7,379,117
Road and bridge	-	-	2,219,589	-	-	-	2,219,589
Emergency medical services	-	-	-	-	1,646,676	-	1,646,676
Historical society and recreation	-	-	-	-	-	339,584	339,584
Health and welfare	-	-	-	-	-	482,078	482,078
Weeds	-	-	-	-	-	-	-
Road construction	-	-	-	-	-	461,579	461,579
Capital projects	-	-	-	-	-	241	241
Unassigned	3,059,759	-	-	-	-	-	3,059,759
Total fund balance	3,319,742	5,570,679	2,257,329	102,048	1,699,412	7,691,612	20,640,822
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 10,171,245</u>	<u>\$ 21,885,555</u>	<u>\$ 8,605,417</u>	<u>\$ 5,444,844</u>	<u>\$ 4,947,300</u>	<u>\$ 14,097,707</u>	<u>\$ 65,152,068</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2021**

Total fund balances - governmental funds		20,640,822
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	539,957,042	
Accumulated depreciation	<u>(494,202,347)</u>	45,754,695
Assets that are not available to pay for current period expenditures are not considered available in the governmental funds:		
Property taxes		732,363
Net position of internal service funds are included in government-wide Statement of Net Position		
		42,837
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		7,392,790
Deferred inflow of resources		(15,550,950)
Net pension asset is a long-term asset and is not available to pay current year expenditures, therefore is not reported as an asset in governmental funds.		
		486,111
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	(790,310)	
Compensated absences, due after one year	(2,125,175)	
Capital leases payable, due after one year	<u>(3,316,584)</u>	(6,232,069)
Total net position - governmental activities		<u>\$ 53,266,599</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2021

	Current Expense	Justice	Road and Bridge	Grants	Ambulance District	Nonmajor Governmental	Total Governmental Funds
REVENUES							
Taxes	4,504,452	13,594,015	4,760,956	-	1,943,077	5,487,795	30,290,295
Intergovernmental	1,868,202	2,461,969	5,399,779	2,409,067	12,950	1,425,352	13,577,319
Licenses and permits	614,014	331,997	-	-	-	208,680	1,154,691
Charges for services	1,834,811	1,206,749	-	-	1,412,689	2,062,783	6,517,032
Fines	-	-	-	-	-	133,713	133,713
Interest income	67,769	-	-	-	4,177	2,781	74,727
Miscellaneous	68,171	208,000	199,426	-	48,427	467,582	991,606
Total revenues	<u>8,957,419</u>	<u>17,802,730</u>	<u>10,360,161</u>	<u>2,409,067</u>	<u>3,421,320</u>	<u>9,788,686</u>	<u>52,739,383</u>
EXPENDITURES							
General government	8,322,096	-	-	-	-	3,688,715	12,010,811
Public safety	261,956	18,185,092	-	956,723	-	3,559,140	22,962,911
Emergency medical expenses	-	-	-	-	4,207,973	-	4,207,973
Road and bridge	-	-	7,514,427	-	-	58,480	7,572,907
Weeds	-	-	-	-	-	135,959	135,959
Health	-	-	-	-	-	256,981	256,981
Welfare	-	-	-	-	-	117,957	117,957
Junior college	-	-	-	-	-	133,402	133,402
Historical society and recreation	-	-	-	-	-	821,253	821,253
Capital outlay	727,543	293,795	3,455,946	1,457,507	233,166	450,764	6,618,721
Debt service:							
Principal	137,580	4,356	198,621	-	87,270	7,860	435,687
Interest	54,588	-	74,976	-	21,295	-	150,859
Total expenditures	<u>9,503,763</u>	<u>18,483,243</u>	<u>11,243,970</u>	<u>2,414,230</u>	<u>4,549,704</u>	<u>9,230,511</u>	<u>55,425,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(546,344)</u>	<u>(680,513)</u>	<u>(883,809)</u>	<u>(5,163)</u>	<u>(1,128,384)</u>	<u>558,175</u>	<u>(2,686,038)</u>
Other financing sources (uses)							
Transfer in (out)	(357,443)	-	-	-	-	357,443	-
Proceeds from capital lease	101,393	5,468	139,774	-	-	32,762	279,397
Proceeds from sale of capital asset	-	-	150,000	-	-	-	150,000
Total other financing sources (uses)	<u>(256,050)</u>	<u>5,468</u>	<u>289,774</u>	<u>-</u>	<u>-</u>	<u>390,205</u>	<u>429,397</u>
Net change in fund balance	(802,394)	(675,045)	(594,035)	(5,163)	(1,128,384)	948,380	(2,256,641)
Fund balances - beginning of year, as restated (Note 19)	<u>4,122,136</u>	<u>6,245,724</u>	<u>2,851,364</u>	<u>107,211</u>	<u>2,827,796</u>	<u>6,743,232</u>	<u>22,897,463</u>
Fund balances - end of year	<u>\$ 3,319,742</u>	<u>\$ 5,570,679</u>	<u>\$ 2,257,329</u>	<u>\$ 102,048</u>	<u>\$ 1,699,412</u>	<u>\$ 7,691,612</u>	<u>\$ 20,640,822</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

**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, 2021**

Net change in fund balances - governmental funds (2,256,641)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays	6,444,247	
Depreciation expense	<u>(5,346,879)</u>	1,097,368

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. (180,640)

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. (59,361)

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:

Capital lease financing received	(279,397)	
Principal payments	<u>435,687</u>	156,290

Net pension liability adjustments:

Fiscal year 2020 employer PERSI contributions recognized as pension expense in the current year.	(612,882)	
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Fiscal year 2021 employer PERSI contributions deferred to subsequent year.	762,653	
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Pension related amortization expense.	<u>2,809,614</u>	2,959,385
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Net change of internal service funds not reflected in governments funds are included in the Statement of Activities 203,342

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. (107,388)

Total change in net position - governmental activities \$ 1,812,355

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SOLID WASTE FUND
STATEMENT OF NET POSITION
September 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	4,718,080	
Receivables, net of allowance for uncollectibles:		
Special assessment	156,620	
Unbilled special assessments	4,941,467	
Accounts, net	374,049	
Prepaid expenses	15,027	
Due from other governments	260	
Restricted assets:		
Cash on deposit with fiscal agent	664	
Total current assets		10,206,167

Noncurrent assets:

Land	518,416	
Depreciable capital assets, net	2,079,305	
Net pension asset	21,418	
Total noncurrent assets		2,619,139

Total assets 12,825,306

DEFERRED OUTFLOW OF RESOURCES

Pension related items 325,721

LIABILITIES

Current liabilities:

Accounts payable	638,791	
Accrued payroll	38,479	
Accrued retirement payable	4,335	
Total current liabilities		681,605

Noncurrent liabilities:

Accrued compensated absences 97,664

Total liabilities 779,269

DEFERRED INFLOW OF RESOURCES

Unbilled special assessment revenue	4,941,467	
Pension related items	685,164	
Total deferred inflow of resources		5,626,631

NET POSITION

Net investment in capital assets	2,597,721	
Restricted for:		
Debt service	664	
Unrestricted	4,146,742	
Total net position		<u>\$ 6,745,127</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SOLID WASTE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2021

OPERATING REVENUES

Charges for services	4,268,349	
Miscellaneous income	<u>5,174</u>	
Total operating revenues		4,273,523

OPERATING EXPENSES

Salaries	1,031,527	
Benefits	263,793	
Other services and charges	6,130,062	
Depreciation	<u>411,468</u>	
Total operating expenses		<u>7,836,850</u>

Operating loss	(3,563,327)
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NON-OPERATING REVENUES (EXPENSES)

Special assessments	<u>4,942,547</u>
Change in net position	1,379,220
Net position - beginning of year	<u>5,365,907</u>
Net position - end of year	<u><u>\$ 6,745,127</u></u>

BONNER COUNTY, IDAHO

Sandpoint, Idaho

**SOLID WASTE FUND
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2021****Cash flows from operating activities**

Cash received from customers	4,203,097	
Cash paid to suppliers	(6,018,948)	
Cash paid for salaries and benefits	(1,483,506)	
Net cash used in operating activities		(3,299,357)

Cash flows from investing activities

-

Cash flows from capital financing and related financing activities

-

Cash flows from non-capital financing activities

Special assessments		4,949,857
Net increase (decrease) in cash and cash equivalents		1,650,500
Cash and cash equivalents- beginning of year		3,068,244
Cash and cash equivalents- end of year		<u>\$ 4,718,744</u>

Reconciliation of operating loss to net cash used in operating activities

Operating loss		(3,563,327)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	411,468	
Change in pension related items:		
Deferred outflow of resources	(139,756)	
Deferred inflow of resources	663,149	
Decrease (increase) in assets:		
Receivables	(70,670)	
Due from other governments	244	
Prepaid expenses	(5,108)	
Net pension asset	(21,418)	
Increase (decrease) in liabilities:		
Accounts payable	116,222	
Accrued payroll	6,039	
Accrued retirement payable	670	
Net pension liability	(674,233)	
Accrued compensated absences	(22,637)	
Total adjustments		263,970
Net cash used in operating activities		<u>\$ (3,299,357)</u>
Cash and cash equivalents reconciliation		
Cash and cash equivalents		4,718,080
Restricted assets:		
Cash on deposit with fiscal agent		664
Total cash and cash equivalents		<u>\$ 4,718,744</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF NET POSITION
September 30, 2021

	<u>Self-Funded Medical Insurance</u>	<u>Self-Funded Dental Insurance</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	225,805	15,750	241,555
Restricted assets:			
Deposit	87,809	-	87,809
Total assets	<u>313,614</u>	<u>15,750</u>	<u>329,364</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>	 <u>-</u>
 LIABILITIES			
Accounts payable	158	-	158
IBNR claims liability	278,432	7,937	286,369
Total liabilities	<u>278,590</u>	<u>7,937</u>	<u>286,527</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>-</u>	 <u>-</u>	 <u>-</u>
 NET POSITION			
Restricted:			
Self-funded insurance	<u>\$ 35,024</u>	<u>\$ 7,813</u>	<u>\$ 42,837</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2021

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
OPERATING REVENUE			
Contributions - employer	3,177,977	178,833	3,356,810
Contributions - employee	716,713	30,352	747,065
Total operating revenue	<u>3,894,690</u>	<u>209,185</u>	<u>4,103,875</u>
OPERATING EXPENSES			
Administrative expense	663,218	18,523	681,741
Medical claims	2,435,975	-	2,435,975
Dental claims	-	195,520	195,520
Pharmacy claims	584,272	-	584,272
COBRA admin fees	6,834	-	6,834
Total operating expenses	<u>3,690,299</u>	<u>214,043</u>	<u>3,904,342</u>
Operating income (loss)	204,391	(4,858)	199,533
NON-OPERATING REVENUE			
Interest earnings	<u>3,809</u>	<u>-</u>	<u>3,809</u>
Net change in net position	208,200	(4,858)	203,342
Net position - beginning of year	<u>(173,176)</u>	<u>12,671</u>	<u>(160,505)</u>
Net position - end of year	<u><u>\$ 35,024</u></u>	<u><u>\$ 7,813</u></u>	<u><u>\$ 42,837</u></u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2021

	Self-Funded Medical Insurance	Self-Funded Dental Insurance	Total
Cash flows from operating activities			
Contributions	3,890,881	209,185	4,100,066
Cash paid for benefits	(3,149,265)	(198,068)	(3,347,333)
Cash paid for administration	(613,047)	(18,523)	(631,570)
Net cash provided by (used in) operating activities	128,569	(7,406)	121,163
Cash flows from investing activities			
Earnings on investments	3,809	-	3,809
Cash flows from capital financing and related financing activities	-	-	-
Cash flows from non-capital financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	132,378	(7,406)	124,972
Cash and cash equivalents- beginning of year	93,427	23,156	116,583
Cash and cash equivalents- end of year	<u>\$ 225,805</u>	<u>\$ 15,750</u>	<u>\$ 241,555</u>
Reconciliation of operating income to net cash provided by (used in) operating activities			
Operating income (loss)	204,391	(4,858)	199,533
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease (increase) in assets:			
Prepaid expenses	57,005	-	57,005
Deposit	(3,809)	-	(3,809)
(Decrease) increase in liabilities:			
Accounts payable	(117,675)	-	(117,675)
IBNR claims liability	(11,343)	(2,548)	(13,891)
Net cash provided by (used in) operating activities	<u>\$ 128,569</u>	<u>\$ (7,406)</u>	<u>\$ 121,163</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2021

		Total Custodial Funds
		<hr/>
ASSETS		
Current assets:		
Cash and cash equivalents	3,558,458	
Taxes receivable	<u>1,211,395</u>	
Total assets		<hr/> 4,769,853 <hr/>
DEFERRED OUTFLOW OF RESOURCES		<hr/> - <hr/>
LIABILITIES		
Current liabilities:		
Warrants payable	2,655,580	
Due to other governments	<u>872,968</u>	
Total liabilities		<hr/> 3,528,548 <hr/>
DEFERRED INFLOW OF RESOURCES		<hr/> - <hr/>
NET POSITION		
Restricted		<hr/> \$ 1,241,305 <hr/>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended September 30, 2021

		Total Custodial Funds
<hr/>		
ADDITIONS		
Property tax	42,651,222	
Fees collected for other Govs	9,697,883	
Non propert taxes collected for other govcs	2,053	
Court Fees	319,010	
Miscellaneous	25,675	
Catastrophic collections	207,438	
Estate receipts	162,530	
Benefit contributions	574,937	
Tax parcel sale proceeds	<u>22,803</u>	
Total additions		<u>53,663,551</u>
DEDUCTIONS		
Payments to other governments	49,402,934	
Payments of excess parcel sales	22,803	
Payments for catastrophic health	207,438	
Payments to vendors	<u>4,327,193</u>	
Total deductions		<u>53,960,368</u>
Net change in net position		(296,817)
Beginning net position, as restated (Note 19)		<u>1,538,122</u>
Ending net position		<u><u>\$ 1,241,305</u></u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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:

- **Current Expense 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.
- **Grants Fund:** accounts for numerous grants the County receives.
- **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 Medical Insurance Fund:** This fund accounts for revenues and expenses that are related to providing self-funded medical expenses.
- **Self-Funded Dental Insurance Fund:** This fund accounts for revenues and expenses that are related to providing self-funded dental expenses.

Additionally, the County reports the following fiduciary fund types:

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

Basis of Accounting

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

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

1. Prior to the first Monday in August, the County Clerk submits to the County Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and sources of funding. It is published publicly on or before the third week in August.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to the first Tuesday after the first Monday of September, the budget is legally adopted by the Commission.

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

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

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, 2021 except for the ambulance district that recorded an allowance of \$90,506.

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	20 years

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

Compensated absences – County employees are granted 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 also reimbursed for up to 25% of their catastrophic sick leave account balances if they are over the age of 55 and had 5 years of continuous services. Employees are not reimbursed for regular 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.

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

Unavailable Tax Revenue – Unavailable tax revenue represents the property taxes levied for 2021 that are measurable but unavailable to the County, therefore recorded as a deferred inflow of resources in both governmental fund and government-wide financial statements.

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

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

Fund Balance – In the fund statements, *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 current expense fund, *assigned* fund balances represent the remaining amount that is not restricted or committed. The Board of Commissioners are the body authorized to assign amounts to a specific purpose, and typically do so when a specific revenue source is received and a special revenue fund is thereby established. *Unassigned* fund balance is the residual classification for the government's current expense fund and includes all spendable amounts not contained in the other classifications.

Restricted balances are as follows:

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

Nonspendable balances are as follows:

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

NOTE 1 Summary of Significant Accounting Policies (Continued)

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 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 Government Investment Pool is not rated.

NOTE 2 Cash and Investments (Continued)

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, 2021, the following issuers hold more than 5% of the County's total portfolio: State of Idaho Investment Pool - 31%, Columbia Bank - 51%, Mountain West Bank - 9% and Multi-Bank Securities, Inc. - 8%.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the County's deposits may not be available. As of September 30, 2021, the County's had no deposits that Bank exceed the FDIC insured limit of \$250,000.

Custodial Credit Risk – Investments - This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The County is exposed to custodial credit risk because it has repurchase agreement investments of \$16,262,843 that are uninsured, unregistered, and held by Columbia Bank, \$3,114,451 that are that are uninsured, unregistered, and held by Mountain West Bank. Columbia Bank and Mountain West Bank are the counterparties for the repurchase agreements. However, the risk is mitigated, because the repurchase agreements are fully collateralized by U.S. Government securities, with the collateral held in trust by Federal Home Loan Bank in Columbia Bank and Mountain West Bank's name with market values of \$38,189,213 as of September 30, 2021. The Federal Home Loan Bank is an independent safekeeping agent unaffiliated with Columbia Bank and Mountain West Bank.

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

NOTE 2 Cash and Investments (Continued)

<u>Account</u>	<u>Under 30 Days</u>	<u>31-180 Days</u>	<u>181-365 Days</u>	<u>1 to 5 Years</u>	<u>Market</u>	<u>Cost</u>	<u>Percent of Total</u>
Columbia Bank							
Repurchase agreements							
Treasurer's account	14,661,149	-	-	-	14,661,149	14,661,149	43.71%
Ambulance account	1,601,694	-	-	-	1,601,694	1,601,694	4.78%
Checking accounts							
Ambulance checking	200,000	-	-	-	200,000	200,000	0.60%
General checking	140,000	-	-	-	140,000	140,000	0.42%
Fair association	319,644	-	-	-	319,644	319,644	0.95%
Drug Restitution	87,366	-	-	-	87,366	87,366	0.26%
4H	7,441	-	-	-	7,441	7,441	0.02%
Magistrate	72,503	-	-	-	72,503	72,503	0.22%
Prosecutors	343	-	-	-	343	343	0.00%
Law foundation	4,603	-	-	-	4,603	4,603	0.01%
Medical	-	-	-	-	-	-	0.00%
Mountain West Bank							
Repurchase agreements	3,114,451	-	-	-	3,114,451	3,114,451	9.29%
Checking account							
Treasurer's checking	50,000	-	-	-	50,000	50,000	0.15%
Fair association	9,419	-	-	-	9,419	9,419	0.03%
Nationwide Retirement Solutions	214,741	-	-	-	214,741	214,741	0.64%
State of Idaho							
Local government							
investment pool	-	10,491,695	-	-	10,491,695	10,491,695	31.28%
Multi-Bank Securities, Inc.	-	-	-	2,540,018	2,540,018	2,552,000	7.61%
Cash on hand	9,445	-	-	-	9,445	9,445	0.03%
Total Cash and investments	<u>\$20,492,799</u>	<u>\$10,491,695</u>	<u>\$ -</u>	<u>\$2,540,018</u>	<u>\$33,524,512</u>	<u>\$33,536,494</u>	<u>100.0%</u>

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

Cash on hand	9,445
Bank deposits	1,106,060
Carrying value of investments:	
Repurchase agreements	19,377,294
LGIP	10,491,695
Multi-Bank Securities	<u>2,540,018</u>
Total cash and investments	<u>\$33,524,512</u>

NOTE 3 Property Tax

The County's property tax is levied each October on the value listed as of the prior September 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 2020, upon which the 2020 levy was based, was \$8,502,222,829 for the County and Ambulance District and was \$6,609,493,862 for the Road and Bridge fund.

NOTE 3 Property Tax (Continued)

Various sections of the Idaho Code limit the amount that may be levied for current expense and other fund purposes. The 2020 levy was 0.2706037% of market value for the County, 0.0218963% for the Ambulance District, and 0.0718035% 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 2020 tax levy was \$30,628,310, of which 98.31% was collected and \$517,567 remains unpaid as of September 30, 2021.

NOTE 4 Deferred Revenue

Property taxes levied for 2020 and prior years and uncollected as of September 30, 2021 are shown as taxes receivable. To the extent that they are not collected by the County by November 30, 2021, a deferred revenue account in that amount is established in the governmental funds.

Total taxes receivable as of September 30, 2021	876,139
Less: Taxes collected by November 30, 2021	<u>(143,776)</u>
Total deferred tax revenue	<u>\$ 732,363</u>

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the County has recognized the 2021 property tax levy as a receivable. This levy is an enforceable legal claim created during the fiscal year. The total property tax levy for 2021 of \$34,033,681 is considered unavailable at September 30, 2021 and is recorded as a deferred inflow of resources.

Deferred grant revenue – Certain grant revenues have been received but were unearned at year-end. To the extent that they were unearned, a deferred revenue account in that amount is established in the governmental funds.

Deferred grant revenue	<u>\$4,950,248</u>
Total unearned revenue	<u>\$4,950,248</u>

NOTE 5 Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

Governmental activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Adjustments</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, depreciated:					
Infrastructure	469,079,917	1,461,681	868,795	-	471,410,393
Biological	7,000	-	-	-	7,000
Building and improvements	24,974,634	16,863	638,758	-	25,630,255
Machinery and equipment	32,844,363	2,903,620	-	(251,320)	35,496,663
Accumulated depreciation	<u>(489,047,427)</u>	<u>(5,346,879)</u>	<u>-</u>	<u>191,959</u>	<u>(494,202,347)</u>
Net capital assets, depreciated	<u>37,858,487</u>	<u>(964,715)</u>	<u>1,507,553</u>	<u>(59,361)</u>	<u>38,341,964</u>
Capital assets, not depreciated					
Land	4,693,648	-	-	-	4,693,648
Construction in progress	<u>2,164,553</u>	<u>2,062,083</u>	<u>(1,507,553)</u>	<u>-</u>	<u>2,719,083</u>
Total capital assets, not depreciated	<u>6,858,201</u>	<u>2,062,083</u>	<u>(1,507,553)</u>	<u>-</u>	<u>7,412,731</u>
Total capital assets, net	<u>\$ 44,716,688</u>	<u>\$ 1,097,368</u>	<u>\$ -</u>	<u>\$ (59,361)</u>	<u>\$ 45,754,695</u>

During 2021, depreciation expense was charged to functions as follows:

General government	1,514,369
Public safety	1,179,811
Emergency medical services	210,904
Road and bridge	2,334,292
Weeds	9,568
Historical society and recreation	<u>99,935</u>
Total	<u>\$5,346,879</u>

NOTE 5 Capital Assets (Continued)

Business-type activities:

	Beginning Balance	Additions	Transfers/ Adjustments	Disposals	Ending Balance
Capital assets, depreciated:					
Buildings and improvements	1,023,335	-	-	-	1,023,335
Other improvements	3,691,468	-	-	-	3,691,468
Machinery and equipment	1,427,061	-	-	-	1,427,061
Total capital assets, depreciated	6,141,864	-	-	-	6,141,864
Less: accumulated depreciation					
Buildings and improvements	(563,222)	(29,633)	-	-	(592,855)
Other improvements	(2,064,494)	(278,720)	-	-	(2,343,214)
Machinery and equipment	(1,023,375)	(103,115)	-	-	(1,126,490)
Total accumulated depreciation	(3,651,091)	(411,468)	-	-	(4,062,559)
Net capital assets, depreciated	2,490,773	(411,468)	-	-	2,079,305
Capital assets, not depreciated					
Land	518,416	-	-	-	518,416
Total capital assets, net	\$ 3,009,189	\$ (411,468)	\$ -	\$ -	\$ 2,597,721

During 2021, \$411,468 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 expires September 30, 2022. For the current year, the payments were \$6,286 per month. Total payments made for the year ended September 30, 2021 were \$75,432.

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 \$1,253 per month. Total payments made during the year ended September 30, 2021, were \$15,040.

Waterways - The County leases access to the Hope boat launch for sportsman access on an annual renewal expiring September 30th of each year. Total payments made for the year ended September 30, 2021, 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, 2021, were \$5,400.

NOTE 6 Leases (Continued)

Little Blacktail Communication - On November 1, 2017, the County entered into an agreement with Day Wireless Systems to lease land for a tower site which expires September 30, 2022. Total payments made for the year ended September 30, 2021, were \$8,774.

HooDoo Communication - On December 18, 2018, the County entered into an agreement with the State of Idaho to lease land for a tower site which expires September 30, 2022. Total payments made for the year ended September 30, 2021, were \$8,442.

2022	116,948
2023	31,372
2024	32,148
2025	32,949
2026	<u>23,093</u>
Total	<u>\$236,510</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 leases are collateralized by the assets. Future minimum annual lease payments under capital leases at September 30, 2021 are as follows:

Year Ending September, 30	Current Expense	Road and Bridge	Elections	District Court	911	Revaluation	Justice	Ambulance	Total
2022	193,639	616,104	1,788	1,422	1,947	3,817	1,112	108,566	928,395
2023	192,942	410,622	1,788	1,422	1,947	3,817	-	108,566	721,104
2024	190,579	1,364,000	1,788	1,422	487	3,817	-	108,266	1,670,359
2025	168,297	10,000	-	1,422	-	3,817	-	107,510	291,046
2026	158,772	120,419	-	1,114	-	-	-	107,510	387,815
Thereafter	481,070	-	-	240	-	-	-	107,510	588,820
Total minimum lease payments	1,385,299	2,521,145	5,364	7,042	4,381	15,268	1,112	647,928	4,587,539
Less: amounts representing interest	(224,868)	(189,172)	-	-	-	-	-	(66,605)	(480,645)
Present Value of minimum Lease Payments	1,160,431	2,331,973	5,364	7,042	4,381	15,268	1,112	581,323	4,106,894
Less: amounts due within one year	(144,178)	(542,769)	(1,788)	(1,422)	(1,947)	(3,817)	(4,356)	(90,033)	(790,310)
Amounts due after one year	<u>\$1,016,253</u>	<u>\$ 1,789,204</u>	<u>\$ 3,576</u>	<u>\$ 5,620</u>	<u>\$ 2,434</u>	<u>\$ 11,451</u>	<u>\$ (3,244)</u>	<u>\$ 491,290</u>	<u>\$3,316,584</u>
Current Year Interest Payment	\$ 54,588	\$ 74,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,295	\$ 150,859
Current Year Principal Payment	<u>\$ 137,580</u>	<u>\$ 198,621</u>	<u>\$ 1,788</u>	<u>\$ 308</u>	<u>\$ 1,947</u>	<u>\$ 3,817</u>	<u>\$ 4,356</u>	<u>\$ 87,270</u>	<u>\$ 435,687</u>

NOTE 7 Long-Term Obligations

A summary of changes in long-term liabilities of the County for the year ended September 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Current Year Activity</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>				
Compensated absences	2,017,787	107,388	2,125,175	-
Total governmental activities	<u>\$ 2,017,787</u>	<u>\$ 107,388</u>	<u>\$ 2,125,175</u>	<u>\$ -</u>
<u>Business-type activities:</u>				
Compensated absences	120,301	(22,637)	97,664	-
Total business-type activities	<u>\$ 120,301</u>	<u>\$ (22,637)</u>	<u>\$ 97,664</u>	<u>\$ -</u>

The County approved a revenue bond of \$8,733,700 on May 18, 2021. The proceeds of the revenue bond are intended to be used for the purpose of constructing improvements to the solid waste system of the County.

NOTE 8 Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of September 30, 2021 was as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Expense Fund	130,535	-
Justice Fund	102,411	-
Airport Fund	266,486	-
Weeds Fund	10,075	-
Ambulance District Fund	-	269,000
Grants Fund	-	240,507
	<u>\$ 509,507</u>	<u>\$ 509,507</u>

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

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
Current Expense Fund	357,443	-
Elections Fund	-	347,368
Weeds Fund	-	10,075
Total	<u>\$ 357,443</u>	<u>\$ 357,443</u>

NOTE 9 Excess of Actual Expenditures over Budget in Individual Funds

The following fund had an excess of actual expenditures over budget for the year ended September 30, 2021:

Fund	Excess
Elections	\$39,659

NOTE 10 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. The assets and liabilities relating to this deferred compensation plan have been excluded from the County's financial statements.

NOTE 11 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, 2021. All amounts are as of June 30, 2021 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.

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 11 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, 2021 it was 7.16% (9.13%). The employer contribution rate is set by the Retirement Board and was 11.94% (12.28%) of covered compensation. Bonner County's employer contributions required and paid were \$2,915,307 for the year ended September 30, 2021.

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

At September 30, 2021, the County reported an asset for its proportionate share of the net pension (asset) liability as of June 30, 2021. The net pension (asset) liability was measured as of June 30, 2021, and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension (asset) 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, 2021, the County's proportion was 0.64262157 percent.

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, 2021 was calculated at \$(262,316).

NOTE 11 Defined Benefit Pension Plan (Continued)

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	747,774	295,011
Changes in assumptions or other inputs	5,825,782	-
Net difference between projected and actual earning on pension plan investments	-	15,941,103
Change in proportionate share	348,700	-
Employer contributions subsequent to the measurement date	<u>796,255</u>	<u>-</u>
Total	<u>\$7,718,511</u>	<u>\$16,236,114</u>

\$796,255 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 (asset) liability in the year ended September 30, 2022.

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:

<u>For the Year Ending June 30:</u>	<u>Amount to be Recognized</u>
2022	(2,272,957)
2023	(2,048,399)
2024	(1,790,067)
2025	(3,551,135)

NOTE 11 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	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
Cost of living (COLA) adjustments	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

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 11 Defined Benefit Pension Plan (Continued)

Capital Market Assumptions from Callan 2021			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	(0.20%)
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%
Investment Policy Assumptions from PERSI November 2019			
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Economic/Demographic Assumptions from Milliman 2021			
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			6.35%

Discount Rate

The discount rate used to measure the total pension (asset) liability was 6.35%. 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 (asset) liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

NOTE 11 Defined Benefit Pension Plan (Continued)

Sensitivity of the Employer's proportionate share of the Net Pension (Asset) Liability to changes in the discount rate.

The following presents the net pension (asset) liability of PERSI employer's calculated using the discount rate of 6.35% as well as what the employer's (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>(5.35%)</u>	Current Discount Rate <u>(6.35%)</u>	1% Increase <u>(7.35%)</u>
Employer's proportionate share of the net pension (asset) liability	\$17,642,798	\$(507,529)	\$(15,385,717)

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.

Payables to the pension plan

At June 30, 2021, 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 12 Self-Funded Insurance Plans

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

NOTE 12 Self-Funded Insurance Plans (Continued)

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

IBNR claims liability, beginning of year	289,775
Current year claims and changes in estimates	3,020,247
Claims payments	<u>(3,031,590)</u>
IBNR claims liability, end of year	<u>\$278,432</u>

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

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

IBNR claims liability, beginning of year	10,485
Current year claims and changes in estimates	195,520
Claims payments	<u>(198,068)</u>
IBNR claims liability, end of year	<u>\$7,937</u>

NOTE 13 Contingent Liabilities and Commitments

Grants

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

Lawsuits

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

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

NOTE 14 Risk Management

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

Beginning October 2018, the County began a self-insured retention (SIR) program. In FY2021, the County is responsible to pay the first \$500,000 (per occurrence/wrongful act/accident) of a General Liability claim and \$100,000 for an auto, property, or equipment claim and the SIR program has an aggregate limit of \$10,000,000.

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

Insurance is maintained through Travelers Insurance Company. Travelers is an insurance company serving private and public entities and provides insurance for property, general liability, auto liability, physical damage, and public officials' insurance.

At September 30, 2021, 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 but one during the three years ended September 30, 2021 were below the limits of the insurance coverage (the one exceeding claim was an Auto claim).

NOTE 15 Performance Bonds

The County is currently seeking redemption of over \$3.7 million of performance bonds pledged in relation to a golf course development within the County. The insurance company that issued the performance bonds is in liquidation. The Liquidator denied the County's claims, and the court overseeing the liquidation ruled in favor of the Liquidator. The County has filed an appeal to the Utah Supreme Court and oral arguments will be heard on April 13, 2022. The County believes that if the appeal is successful, the County will be able to recover a significant portion of its claims.

NOTE 16 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 \$126,010 during the year end September 30, 2021. 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

NOTE 16 Turnbull Trust (Continued)

public of Bonner County. The County Commissioners will utilize future revenues for important County road projects, consistent with the intent of Mr. Turnbull.

NOTE 17 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).

For the County's fiscal year ended September 30, 2021, the following agreements are as follows:

- 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 2020, the total exemption value was \$3,147,685.
- 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 2020, 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.

NOTE 18 COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. There have been mandates from governing authorities requiring forced closures of schools, businesses, and other facilities and organizations. While the disruption is expected to be temporary, the current circumstances are evolving and dynamic. The full extent and duration of the impact of COVID-19 on the County's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable. Because of this, it may have a materially adverse impact on the County's business, results of operations, financial position, and cash flows.

NOTE 19 Change in Accounting Principles

During the year ended September 30, 2021, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in a change in the presentation of the financial statements for the following activities:

	Net Position September 30, 2020 <u>as previously reported</u>	Change in Accounting Principles	Net Position September 30, 2020 <u>as restated</u>
Governmental Activities	51,309,285	144,959	51,454,244
Justice Fund	6,207,749	37,975	6,245,724
Special County Projects Fund	-	106,984	106,984
Custodial Funds	-	1,538,122	1,538,122

REQUIRED SUPPLEMENTARY INFORMATION

BONNER COUNTY, IDAHO
Sandpoint, Idaho

CURRENT EXPENSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variances	
				Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	4,489,640	4,489,640	4,504,452	14,812	14,812
Intergovernmental	1,099,197	1,099,197	1,868,202	769,005	769,005
Licenses and permits	555,648	555,648	614,014	58,366	58,366
Charges for services	1,091,000	1,091,000	1,834,811	743,811	743,811
Fines	500	500	-	(500)	(500)
Interest income	250,000	250,000	67,769	(182,231)	(182,231)
Miscellaneous	15,960	15,960	68,171	52,211	52,211
Total revenues	<u>7,501,945</u>	<u>7,501,945</u>	<u>8,957,419</u>	<u>1,455,474</u>	<u>1,455,474</u>
Expenditures					
General government	9,417,515	9,748,973	8,322,096	1,095,419	1,426,877
Public safety	287,353	287,353	261,956	25,397	25,397
Capital outlay	505,670	755,500	727,543	(221,873)	27,957
Debt service:					
Principal	42,071	42,751	137,580	(95,509)	(94,829)
Interest	-	-	54,588	(54,588)	(54,588)
Total expenditures	<u>10,252,609</u>	<u>10,834,577</u>	<u>9,503,763</u>	<u>748,846</u>	<u>1,330,814</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,750,664)</u>	<u>(3,332,632)</u>	<u>(546,344)</u>	<u>2,204,320</u>	<u>2,786,288</u>
Other financing sources (uses)					
Transfers out	-	-	(357,443)	(357,443)	(357,443)
Proceeds from capital lease	-	-	101,393	101,393	101,393
Total other financing sources	<u>-</u>	<u>-</u>	<u>(256,050)</u>	<u>(256,050)</u>	<u>(256,050)</u>
Net change in fund balance	<u>\$ (2,750,664)</u>	<u>\$ (3,332,632)</u>	<u>(802,394)</u>	<u>\$ 1,948,270</u>	<u>\$ 2,530,238</u>
Fund balance - beginning of year			<u>4,122,136</u>		
Fund balance - end of year			<u>\$ 3,319,742</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

JUSTICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	13,538,736	13,538,736	13,594,015	55,279	55,279
Intergovernmental	1,515,000	1,515,000	2,461,969	946,969	946,969
Licenses and permits	286,000	286,000	331,997	45,997	45,997
Charges for services	1,066,300	1,066,300	1,206,749	140,449	140,449
Miscellaneous	109,387	109,387	208,000	98,613	98,613
Total revenues	<u>16,515,423</u>	<u>16,515,423</u>	<u>17,802,730</u>	<u>1,287,307</u>	<u>1,287,307</u>
Expenditures					
Public safety	18,977,465	19,208,965	18,185,092	792,373	1,023,873
Capital outlay	200,000	260,484	293,795	(93,795)	(33,311)
Debt service:					
Principal	<u>12,000</u>	<u>12,000</u>	<u>4,356</u>	<u>7,644</u>	<u>7,644</u>
Total expenditures	<u>19,189,465</u>	<u>19,481,449</u>	<u>18,483,243</u>	<u>706,222</u>	<u>998,206</u>
Excess (deficiency) of revenues over (under) expenditures	(2,674,042)	(2,966,026)	(680,513)	1,993,529	2,285,513
Other financing sources (uses)					
Proceeds from capital lease	<u>-</u>	<u>-</u>	<u>5,468</u>	<u>5,468</u>	<u>5,468</u>
Net change in fund balance	<u>\$ (2,674,042)</u>	<u>\$ (2,966,026)</u>	<u>(675,045)</u>	<u>\$ 1,998,997</u>	<u>\$ 2,290,981</u>
Fund balance - beginning of year, as restated (Note 19)			<u>6,245,724</u>		
Fund balance - end of year			<u>\$ 5,570,679</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variances	
				Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	4,726,686	4,726,686	4,760,956	34,270	34,270
Intergovernmental	3,396,026	3,396,026	5,399,779	2,003,753	2,003,753
Miscellaneous	42,500	42,500	199,426	156,926	156,926
Total revenues	<u>8,165,212</u>	<u>8,165,212</u>	<u>10,360,161</u>	<u>2,194,949</u>	<u>2,194,949</u>
Expenditures					
Road and bridge	8,596,712	10,371,665	7,514,427	1,082,285	2,857,238
Capital outlay	803,500	1,363,303	3,455,946	(2,652,446)	(2,092,643)
Debt service:					
Principal	190,000	190,000	198,621	(8,621)	(8,621)
Interest	75,000	75,000	74,976	24	24
Total expenditures	<u>9,665,212</u>	<u>11,999,968</u>	<u>11,243,970</u>	<u>(1,578,758)</u>	<u>755,998</u>
Excess (deficiency) of revenues over (under) expenditures	(1,500,000)	(3,834,756)	(883,809)	616,191	2,950,947
Other financing sources (uses)					
Proceeds from capital leases	-	-	139,774	139,774	139,774
Proceeds from sale of capital asset	-	-	150,000	150,000	150,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>289,774</u>	<u>289,774</u>	<u>289,774</u>
Net change in fund balance	<u>\$ (1,500,000)</u>	<u>\$ (3,834,756)</u>	(594,035)	<u>\$ 905,965</u>	<u>\$ 3,240,721</u>
Fund balance - beginning of year			<u>2,851,364</u>		
Fund balance - end of year			<u>\$ 2,257,329</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Intergovernmental	6,000,000	6,000,000	2,409,067	(3,590,933)	(3,590,933)
Expenditures					
Public safety	6,000,000	6,000,000	956,723	5,043,277	5,043,277
Capital outlay	-	-	1,457,507	(1,457,507)	(1,457,507)
Total expenditures	6,000,000	6,000,000	2,414,230	3,585,770	3,585,770
Net change in fund balance	\$ -	\$ -	(5,163)	\$ (5,163)	\$ (5,163)
Fund balance - beginning of year			107,211		
Fund balance - end of year			\$ 102,048		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

AMBULANCE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variances	
				Favorable (Unfavorable)	
				Original to Actual	Final to Actual
Revenues					
Taxes	1,907,906	1,907,906	1,943,077	35,171	35,171
Charges for services	1,100,000	1,100,000	1,412,689	312,689	312,689
Intergovernmental	-	-	12,950	12,950	12,950
Interest income	18,000	18,000	4,177	(13,823)	(13,823)
Miscellaneous	12,000	12,000	48,427	36,427	36,427
Total revenues	<u>3,037,906</u>	<u>3,037,906</u>	<u>3,421,320</u>	<u>383,414</u>	<u>383,414</u>
Expenditures					
Emergency medical expenses	3,666,919	3,935,919	4,207,973	(541,054)	(272,054)
Capital outlay	608,500	618,500	233,166	375,334	385,334
Debt service:					
Principal	87,271	87,271	87,270	1	1
Interest	21,295	21,295	21,295	-	-
Total expenditures	<u>4,383,985</u>	<u>4,662,985</u>	<u>4,549,704</u>	<u>(165,719)</u>	<u>113,281</u>
Net change in fund balance	<u>\$ (1,346,079)</u>	<u>\$ (1,625,079)</u>	(1,128,384)	<u>\$ 217,695</u>	<u>\$ 496,695</u>
Fund balance - beginning of year			<u>2,827,796</u>		
Fund balance - end of year			<u>\$ 1,699,412</u>		

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NET PENSION (ASSET) LIABILITY RELATED SCHEDULES

Schedule of the County's Share of Net Pension (Asset) Liability*

PERSI - Base Plan

As of June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Employer's portion of the net pension (asset) liability	0.64262157%	0.6339533%	0.6224781%	0.6053360%	0.5979120%	0.5813633%	0.5581300%	0.5483179%
Employer's proportionate share of the net pension (asset) liability	(507,529)	14,721,234	7,105,414	8,928,812	9,398,150	11,785,127	7,349,664	4,036,478
Employer's covered employee payroll	23,769,291	22,374,323	20,944,598	19,294,118	18,394,362	16,841,635	15,484,685	14,713,655
Employer's proportional share of the net pension (asset) liability as a percentage of its covered employee payroll	-2.14%	65.80%	33.92%	46.28%	51.09%	69.98%	47.46%	27.43%
Plan fiduciary net position as a percentage of the total	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%	94.95%

Schedule of the County's Contributions*

PERSI - Base Plan

As of June 30,

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution - Class 1 Employees	1,947,128	1,832,855	1,627,417	1,499,173	1,417,518	1,297,861	1,193,638	1,134,203
Statutorily required contribution - Class 2 Employees	916,295	862,520	765,843	705,493	684,689	626,892	576,025	547,343
Total Statutorily required contribution - All employees	2,863,423	2,695,375	2,393,260	2,204,666	2,102,207	1,924,753	1,769,663	1,681,546
Contributions in relation to the statutorily required contribution	(2,863,423)	(2,695,375)	(2,393,260)	(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	16,307,605	15,350,544	14,376,476	13,243,578	12,522,244	11,465,203	10,544,505	10,019,461
Employer's covered employee payroll - Class 2	7,461,686	7,023,779	6,568,122	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	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%	11.32%	11.32%
Contributions as a percentage of covered employee payroll - Class 2	12.28%	12.28%	11.66%	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, 2021.

NOTES TO THE NET PENSION (ASSET) LIABILITY SCHEDULES

As of June 30, 2021

Change of Assumptions. Actuarial assumptions were adjusted for the year ended June 30, 2021 as follows:

*The discount rate changed from 7.05% to 6.35%

SUPPLEMENTARY INFORMATION

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS AND DEFERRED OUTFLOWS			
OF RESOURCES			
Assets:			
Cash and investments	6,641,832	241	6,642,073
Receivables, net of allowance for uncollectibles:			
Taxes	153,091	-	153,091
Unbilled taxes	5,824,943	-	5,824,943
Fees	651	-	651
Accounts, net	49,559	-	49,559
Prepaid expenses	800,531	-	800,531
Due from other governments	350,298	-	350,298
Due from other funds	276,561	-	276,561
Total assets	14,097,466	241	14,097,707
Deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS			
OF RESOURCES	<u>\$ 14,097,466</u>	<u>\$ 241</u>	<u>\$ 14,097,707</u>
LIABILITIES, DEFERRED INFLOWS OF			
RESOURCES AND FUND BALANCE			
Liabilities:			
Warrants payable	250	-	250
Accounts payable	290,726	-	290,726
Accrued payroll	146,384	-	146,384
Retirement payable	16,378	-	16,378
Total liabilities	453,738	-	453,738
Deferred inflows of resources			
Deferred revenue	127,414	-	127,414
Unavailable tax revenue	5,824,943	-	5,824,943
Total deferred inflows of resources	5,952,357	-	5,952,357
Fund balance			
Nonspendable	800,531	-	800,531
Restricted for:			
General governmental	3,878,549	-	3,878,549
Public safety	1,729,050	-	1,729,050
Historical society and recreation	339,584	-	339,584
Health and welfare	482,078	-	482,078
Weeds	-	-	-
Road construction	461,579	-	461,579
Capital projects	-	241	241
Total fund balance	7,691,371	241	7,691,612
TOTAL LIABILITIES, DEFERRED INFLOWS			
OF RESOURCES AND FUND BALANCE	<u>\$ 14,097,466</u>	<u>\$ 241</u>	<u>\$ 14,097,707</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2021

	Airport	Elections	Drug Court	District Court	County Fair	911	Court Facilities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets:							
Cash and investments	1,205,687	434,931	59,747	149,204	113,419	1,388,392	138,043
Receivables, net of allowance for uncollectibles:							
Taxes	14,843	-	-	32,322	11,210	-	-
Unbilled taxes	73,294	-	-	1,903,923	394,530	-	-
Fees	-	-	-	-	-	-	-
Accounts, net	3,962	-	-	-	-	45,597	-
Prepaid expenses	521	32,703	-	4,178	-	17,213	-
Due from other governments	-	31,358	703	87,885	-	9,959	1,370
Due from other funds	266,486	-	-	-	-	-	-
Total assets	1,564,793	498,992	60,450	2,177,512	519,159	1,461,161	139,413
Deferred outflows of resources	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,564,793	\$ 498,992	\$ 60,450	\$ 2,177,512	\$ 519,159	\$ 1,461,161	\$ 139,413
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Warrants payable	-	-	-	-	-	-	-
Accounts payable	10,115	2,139	339	80,124	-	22,110	-
Accrued payroll	5,438	5,236	-	49,284	15,574	27,512	-
Accrued retirement payable	603	581	-	5,466	1,720	3,053	-
Total liabilities	16,156	7,956	339	134,874	17,294	52,675	-
Deferred inflows of resources:							
Deferred revenue	12,320	-	-	26,945	9,364	-	-
Unavailable tax revenue	73,294	-	-	1,903,923	394,530	-	-
Total deferred inflows of resources	85,614	-	-	1,930,868	403,894	-	-
Fund balances:							
Nonspendable	521	32,703	-	4,178	-	17,213	-
Restricted for:							
General governmental	1,462,502	458,333	-	-	-	-	-
Public safety	-	-	60,111	107,592	-	1,391,273	139,413
Historical society and recreation	-	-	-	-	97,971	-	-
Health and welfare	-	-	-	-	-	-	-
Weeds	-	-	-	-	-	-	-
Road construction	-	-	-	-	-	-	-
Total fund balances	1,463,023	491,036	60,111	111,770	97,971	1,408,486	139,413
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,564,793	\$ 498,992	\$ 60,450	\$ 2,177,512	\$ 519,159	\$ 1,461,161	\$ 139,413

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2021

	Court Interlock Device	Health District	Historical Society	Indigent and Charity	Junior College	Revaluation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and investments	30,286	51,335	4,926	403,773	1,096,172	412,533
Receivables, net of allowance for uncollectibles:						
Taxes	-	7,325	645	6	-	32,305
Unbilled taxes	-	339,287	25,321	-	-	1,479,753
Fees	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Due from other governments	375	-	-	28,591	84,369	48,472
Due from other funds	-	-	-	-	-	-
Total assets	30,661	397,947	30,892	432,370	1,180,541	1,973,063
Deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 30,661	\$ 397,947	\$ 30,892	\$ 432,370	\$ 1,180,541	\$ 1,973,063
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Warrants payable	-	-	-	-	-	-
Accounts payable	-	-	-	212	63,250	8,156
Accrued payroll	-	-	-	2,353	-	32,030
Accrued retirement payable	-	-	-	268	-	3,733
Total liabilities	-	-	-	2,833	63,250	43,919
Deferred inflows of resources						
Deferred revenue	-	6,117	537	2	-	26,542
Unavailable tax revenue	-	339,287	25,321	-	-	1,479,753
Total deferred inflows of resources	-	345,404	25,858	2	-	1,506,295
Fund balance:						
Nonspendable	-	-	-	-	-	-
Restricted for:						
General government	-	-	-	-	1,117,291	422,849
Public safety	30,661	-	-	-	-	-
Historical society and recreation	-	-	5,034	-	-	-
Health and welfare	-	52,543	-	429,535	-	-
Weeds	-	-	-	-	-	-
Road construction	-	-	-	-	-	-
Total fund balance	30,661	52,543	5,034	429,535	1,117,291	422,849
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 30,661	\$ 397,947	\$ 30,892	\$ 432,370	\$ 1,180,541	\$ 1,973,063

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2021

	Tort	Weeds	Parks and Recreation	Special Highway	Snowmobile - Priest Lake	Snowmobile - Sandpoint
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets:						
Cash and investments	293,661	(1,209)	60,290	485,963	66,098	42,596
Receivables, net of allowance for uncollectibles:						
Taxes	48,079	2,832	3,512	-	-	-
Unbilled taxes	1,286,260	156,575	166,000	-	-	-
Fees	-	-	-	-	-	-
Accounts, net	-	-	-	-	-	-
Prepaid expenses	745,266	-	-	-	-	-
Due from other governments	9,288	6,956	-	37,500	-	-
Due from other funds	-	10,075	-	-	-	-
Total assets	2,382,554	175,229	229,802	523,463	66,098	42,596
Deferred outflows of resources	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,382,554	\$ 175,229	\$ 229,802	\$ 523,463	\$ 66,098	\$ 42,596
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Warrants payable	250	-	-	-	-	-
Accounts payable	21,416	14,047	3,044	61,884	185	68
Accrued payroll	-	2,023	3,272	-	354	-
Accrued retirement payable	-	224	365	-	-	-
Total liabilities	21,666	16,294	6,681	61,884	539	68
Deferred inflows of resources:						
Deferred revenue	40,286	2,360	2,941	-	-	-
Unavailable tax revenue	1,286,260	156,575	166,000	-	-	-
Total deferred inflows of resources	1,326,546	158,935	168,941	-	-	-
Fund balance:						
Nonspendable	745,266	-	-	-	-	-
Restricted for:						
General governmental	289,076	-	-	-	-	-
Public safety	-	-	-	-	-	-
Historical society and recreation	-	-	54,180	-	65,559	42,528
Health and welfare	-	-	-	-	-	-
Weeds	-	-	-	-	-	-
Road construction	-	-	-	461,579	-	-
Total fund balance	1,034,342	-	54,180	461,579	65,559	42,528
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,382,554	\$ 175,229	\$ 229,802	\$ 523,463	\$ 66,098	\$ 42,596

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONTINUED)
September 30, 2021

	<u>Waterways</u>	<u>Special County Projects</u>	<u>Drainage District</u>	<u>Translator District</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Cash and investments	76,980	106,245	22,126	634	6,641,832
Receivables, net of allowance for uncollectibles:					
Taxes	-	-	2	10	153,091
Unbilled taxes	-	-	-	-	5,824,943
Fees	-	-	125	526	651
Accounts, net	-	-	-	-	49,559
Prepaid expenses	650	-	-	-	800,531
Due from other governments	3,472	-	-	-	350,298
Due from other funds	-	-	-	-	276,561
Total assets	<u>81,102</u>	<u>106,245</u>	<u>22,253</u>	<u>1,170</u>	<u>14,097,466</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 81,102</u></u>	<u><u>\$ 106,245</u></u>	<u><u>\$ 22,253</u></u>	<u><u>\$ 1,170</u></u>	<u><u>\$ 14,097,466</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Warrants payable	-	-	-	-	250
Accounts payable	3,637	-	-	-	290,726
Accrued payroll	3,308	-	-	-	146,384
Accrued retirement payable	365	-	-	-	16,378
Total liabilities	<u>7,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453,738</u>
Deferred inflows of resources:					
Deferred revenue	-	-	-	-	127,414
Unavailable tax revenue	-	-	-	-	5,824,943
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,952,357</u>
Fund balance:					
Nonspendable	650	-	-	-	800,531
Restricted for:					
General governmental	-	106,245	22,253	-	3,878,549
Public safety	-	-	-	-	1,729,050
Historical society and recreation	73,142	-	-	1,170	339,584
Health and welfare	-	-	-	-	482,078
Weeds	-	-	-	-	-
Road construction	-	-	-	-	461,579
Total fund balance	<u>73,792</u>	<u>106,245</u>	<u>22,253</u>	<u>1,170</u>	<u>7,691,371</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 81,102</u></u>	<u><u>\$ 106,245</u></u>	<u><u>\$ 22,253</u></u>	<u><u>\$ 1,170</u></u>	<u><u>\$ 14,097,466</u></u>

BONNER COUNTY, IDAHO

Sandpoint, Idaho

NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2021

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes	5,487,795	-	5,487,795
Licenses and permits	208,680	-	208,680
Intergovernmental	1,425,352	-	1,425,352
Charges for services	2,062,783	-	2,062,783
Fines	133,713	-	133,713
Interest income	2,781	-	2,781
Miscellaneous	467,582	-	467,582
Total revenues	<u>9,788,686</u>	<u>-</u>	<u>9,788,686</u>
Expenditures			
General governmental	3,688,715	-	3,688,715
Public safety	3,559,140	-	3,559,140
Road and bridge	58,480	-	58,480
Weeds	135,959	-	135,959
Health	256,981	-	256,981
Welfare	117,957	-	117,957
Junior college	133,402	-	133,402
Historical society and recreation	821,253	-	821,253
Capital outlay	450,764	-	450,764
Debt service:			
Principal	7,860	-	7,860
Total expenditures	<u>9,230,511</u>	<u>-</u>	<u>9,230,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>558,175</u>	<u>-</u>	<u>558,175</u>
Other financing sources (uses)			
Transfers in	357,443	-	357,443
Proceeds from capital leases	32,762	-	32,762
Total other financing sources (uses)	<u>390,205</u>	<u>-</u>	<u>390,205</u>
Net change in fund balance	948,380	-	948,380
Fund balances - beginning of year, as restated (Note 19)	<u>6,742,991</u>	<u>241</u>	<u>6,743,232</u>
Fund balances - end of year	<u>\$ 7,691,371</u>	<u>\$ 241</u>	<u>\$ 7,691,612</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2021

	<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>
Revenues							
Taxes	582,610	-	-	1,136,133	408,725	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	56,052	221,218	-	347,701	4,237	-	-
Charges for services	34,348	-	13,183	54,146	-	1,914,381	14,500
Fines	-	-	-	133,713	-	-	-
Interest income	-	-	-	-	-	2,781	-
Miscellaneous	112,308	-	13,998	103,942	-	-	-
Total revenues	<u>785,318</u>	<u>221,218</u>	<u>27,181</u>	<u>1,775,635</u>	<u>412,962</u>	<u>1,917,162</u>	<u>14,500</u>
Expenditures							
General governmental	288,005	499,663	-	-	-	-	-
Public safety	-	-	7,012	2,071,463	-	1,475,267	-
Road and bridge	-	-	-	-	-	-	-
Weeds	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Welfare	-	-	-	-	-	-	-
Junior college	-	-	-	-	-	-	-
Historical society and recreation	-	-	-	-	359,368	-	-
Capital outlay	31,268	-	-	58,563	-	53,817	-
Debt service:							
Principal	-	1,788	-	308	-	1,947	-
Total expenditures	<u>319,273</u>	<u>501,451</u>	<u>7,012</u>	<u>2,130,334</u>	<u>359,368</u>	<u>1,531,031</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>466,045</u>	<u>(280,233)</u>	<u>20,169</u>	<u>(354,699)</u>	<u>53,594</u>	<u>386,131</u>	<u>14,500</u>
Other financing sources (uses)							
Proceeds from capital leases	-	-	-	7,348	-	6,329	-
Transfers in	-	347,368	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>347,368</u>	<u>-</u>	<u>7,348</u>	<u>-</u>	<u>6,329</u>	<u>-</u>
Net change in fund balance	466,045	67,135	20,169	(347,351)	53,594	392,460	14,500
Fund balances - beginning of year, as restated (Note 19)	<u>996,978</u>	<u>423,901</u>	<u>39,942</u>	<u>459,121</u>	<u>44,377</u>	<u>1,016,026</u>	<u>124,913</u>
Fund balances - end of year	<u>\$ 1,463,023</u>	<u>\$ 491,036</u>	<u>\$ 60,111</u>	<u>\$ 111,770</u>	<u>\$ 97,971</u>	<u>\$ 1,408,486</u>	<u>\$ 139,413</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2021

	Court Interlock Device	Health District	Historical Society	Indigent and Charity	Junior College	Revaluation
Revenues						
Taxes	-	257,333	24,993	3,706	-	1,051,741
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,644	259	-	427,817	181,571
Charges for services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	4,295	-	-	94,517	-	20
Total revenues	<u>4,295</u>	<u>259,977</u>	<u>25,252</u>	<u>98,223</u>	<u>427,817</u>	<u>1,233,332</u>
Expenditures						
General governmental	-	-	-	-	-	1,368,109
Public safety	5,398	-	-	-	-	-
Road and bridge	-	-	-	-	-	-
Weeds	-	-	-	-	-	-
Health	-	256,981	-	-	-	-
Welfare	-	-	-	117,957	-	-
Junior college	-	-	-	-	133,402	-
Historical society and recreation	-	-	24,998	-	-	-
Capital outlay	-	-	-	-	-	19,085
Debt service:						
Principal	-	-	-	-	-	3,817
Total expenditures	<u>5,398</u>	<u>256,981</u>	<u>24,998</u>	<u>117,957</u>	<u>133,402</u>	<u>1,391,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,103)</u>	<u>2,996</u>	<u>254</u>	<u>(19,734)</u>	<u>294,415</u>	<u>(157,679)</u>
Other financing sources (uses)						
Proceeds from capital leases	-	-	-	-	-	19,085
Transfer in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,085</u>
Net change in fund balance	(1,103)	2,996	254	(19,734)	294,415	(138,594)
Fund balances - beginning of year, as restated (Note 19)	<u>31,764</u>	<u>49,547</u>	<u>4,780</u>	<u>449,269</u>	<u>822,876</u>	<u>561,443</u>
Fund balances - end of year	<u>\$ 30,661</u>	<u>\$ 52,543</u>	<u>\$ 5,034</u>	<u>\$ 429,535</u>	<u>\$ 1,117,291</u>	<u>\$ 422,849</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2021

	<u>Tort</u>	<u>Weeds</u>	<u>Parks and Recreation</u>	<u>Special Highway</u>	<u>Snowmobile - Priest Lake</u>	<u>Snowmobile - Sandpoint</u>
Revenues						
Taxes	1,745,068	110,811	129,333	-	-	-
Licenses and permits	-	-	-	-	30,818	15,256
Intergovernmental	26,517	998	1,338	150,000	-	5,000
Charges for services	-	-	32,225	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	9,288	1,270	-	126,010	-	-
Total revenues	<u>1,780,873</u>	<u>113,079</u>	<u>162,896</u>	<u>276,010</u>	<u>30,818</u>	<u>20,256</u>
Expenditures						
General governmental	1,528,719	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	-	-	-	58,480	-	-
Weeds	-	135,959	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Junior college	-	-	-	-	-	-
Historical society and recreation	-	-	168,497	-	24,038	21,356
Capital outlay	-	-	-	256,516	-	-
Debt service:						
Principal	-	-	-	-	-	-
Total expenditures	<u>1,528,719</u>	<u>135,959</u>	<u>168,497</u>	<u>314,996</u>	<u>24,038</u>	<u>21,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>252,154</u>	<u>(22,880)</u>	<u>(5,601)</u>	<u>(38,986)</u>	<u>6,780</u>	<u>(1,100)</u>
Other financing sources (uses)						
Proceeds from capital leases	-	-	-	-	-	-
Transfer in	-	10,075	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>10,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	252,154	(12,805)	(5,601)	(38,986)	6,780	(1,100)
Fund balances - beginning of year, as restated (Note 19)	<u>782,188</u>	<u>12,805</u>	<u>59,781</u>	<u>500,565</u>	<u>58,779</u>	<u>43,628</u>
Fund balances - end of year	<u>\$ 1,034,342</u>	<u>\$ -</u>	<u>\$ 54,180</u>	<u>\$ 461,579</u>	<u>\$ 65,559</u>	<u>\$ 42,528</u>

BONNER COUNTY, IDAHO

Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
For the Year Ended September 30, 2021**

	<u>Waterways</u>	<u>Special County Projects</u>	<u>Drainage District</u>	<u>Translator District</u>	<u>Total</u>
Revenues					
Taxes	-	-	3,623	33,719	5,487,795
Licenses and permits	162,606	-	-	-	208,680
Intergovernmental	-	-	-	-	1,425,352
Charges for services	-	-	-	-	2,062,783
Fines	-	-	-	-	133,713
Interest income	-	-	-	-	2,781
Miscellaneous	-	1,934	-	-	467,582
Total revenues	<u>162,606</u>	<u>1,934</u>	<u>3,623</u>	<u>33,719</u>	<u>9,788,686</u>
Expenditures					
General governmental	-	2,673	1,546	-	3,688,715
Public safety	-	-	-	-	3,559,140
Road and bridge	-	-	-	-	58,480
Weeds	-	-	-	-	135,959
Health	-	-	-	-	256,981
Welfare	-	-	-	-	117,957
Junior college	-	-	-	-	133,402
Historical society and recreation	189,472	-	-	33,524	821,253
Capital outlay	31,515	-	-	-	450,764
Debt service:					
Principal	-	-	-	-	7,860
Total expenditures	<u>220,987</u>	<u>2,673</u>	<u>1,546</u>	<u>33,524</u>	<u>9,230,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(58,381)</u>	<u>(739)</u>	<u>2,077</u>	<u>195</u>	<u>558,175</u>
Other financing sources (uses)					
Proceeds from capital leases	-	-	-	-	32,762
Transfer in	-	-	-	-	357,443
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,205</u>
Net change in fund balance	(58,381)	(739)	2,077	195	948,380
Fund balances - beginning of year, as restated (Note 19)	<u>132,173</u>	<u>106,984</u>	<u>20,176</u>	<u>975</u>	<u>6,742,991</u>
Fund balances - end of year	<u>\$ 73,792</u>	<u>\$ 106,245</u>	<u>\$ 22,253</u>	<u>\$ 1,170</u>	<u>\$ 7,691,371</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, 2021

	Budgeted Revenue	Actual Revenue	Budgeted Expenditures	Actual Expenditures	Other Financing Sources and Uses	Beginning Fund Balance, as Restated	Ending Fund Balance
Airport	731,178	785,318	1,081,178	319,273	-	996,978	1,463,023
Elections	461,792	221,218	461,792	501,451	347,368	423,901	491,036
Drug Court	22,000	27,181	22,000	7,012	-	39,942	60,111
District Court	1,617,583	1,775,635	2,296,430	2,130,334	7,348	459,121	111,770
County Fair	567,127	412,962	567,127	359,368	-	44,377	97,971
911	2,356,483	1,917,162	2,356,483	1,531,031	6,329	1,016,026	1,408,486
Court Facilities	13,000	14,500	13,000	-	-	124,913	139,413
Court Interlock Device	5,400	4,295	5,400	5,398	-	31,764	30,661
Health District	256,985	259,977	256,985	256,981	-	49,547	52,543
Historical Society	25,000	25,252	25,000	24,998	-	4,780	5,034
Indigent and Charity	83,998	98,223	284,749	117,957	-	449,269	429,535
Junior College	290,000	427,817	290,000	133,402	-	822,876	1,117,291
Revaluation	1,153,878	1,233,332	1,428,878	1,391,011	19,085	561,443	422,849
Tort	1,756,674	1,780,873	1,756,674	1,528,719	-	782,188	1,034,342
Weeds	99,899	113,079	149,899	135,959	10,075	12,805	-
Parks and Recreation	149,296	162,896	169,296	168,497	-	59,781	54,180
Special Highway	250,000	276,010	338,250	314,996	-	500,565	461,579
Snowmobile - Priest Lake	36,306	30,818	39,972	24,038	-	58,779	65,559
Snowmobile - Sandpoint	20,887	20,256	35,542	21,356	-	43,628	42,528
Waterways	200,000	162,606	275,458	220,987	-	132,173	73,792
Special County Projects	-	1,934	-	2,673	-	106,984	106,245
Drainage District	-	3,623	-	1,546	-	20,176	22,253
Translator District	-	33,719	-	33,524	-	975	1,170
Total	\$ 9,366,308	\$ 9,788,686	\$ 10,772,935	\$ 9,230,511	\$ 390,205	\$ 6,742,991	\$ 7,691,371

SINGLE AUDIT SECTION

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed through State Department of Education:			
Child Nutrition Cluster-Cluster			
School Breakfast Program	10.553	202121N109947	3,718
National School Lunch Program	10.555	202121N109947	6,491
Total Child Nutrition Cluster			<u>10,209</u>
Passed through State Department of Lands:			
Cooperative Forestry Assistance			
Cooperative Forestry Assistance	10.664	15-DG-11010000-011	8,543
Cooperative Forestry Assistance	10.664	15-DG-11010000-014	86,770
Cooperative Forestry Assistance	10.664	16-DG-11010000-009	54,997
Total Cooperative Forestry Assistance			<u>150,310</u>
Direct through the U.S Department of Agriculture:			
Forest Service Schools and Roads Cluster			
Schools and Road - Grants to States	10.665	Not Applicable	339,803
School and Roads - Grants to Counties	10.666	Not Applicable	20,180
Total Forest Service Schools and Roads Cluster			<u>359,983</u>
Passed through State Department of Lands:			
State & Private Forestry Hazardous Fuel Reduction Program			
State & Private Forestry Hazardous Fuel Reduction	10.697	19-DG-11010000-011	60,000
State & Private Forestry Hazardous Fuel Reduction	10.697	20-DG-11010000-016	3,335
Total State & Private Forestry Hazardous Fuel Reduction			<u>63,335</u>
Total U.S. Department of Agriculture			<u>583,837</u>
U.S. Department of the Interior			
Direct through U.S. Department of Interior:			
Payment in Lieu of Taxes	15.226	Not Applicable	904,138
Total U.S. Department of Interior			<u>904,138</u>
U.S. Department of Justice			
Passed through State Department of Health & Welfare:			
Crime Victim Assistance			
2018 Crime Victim Assistance	16.575	2018-V2-GX-0002	85,695
Total Crime Victim Assistance			<u>85,695</u>
Direct through U.S. Department of Justice:			
Juvenile Justice and Delinquency Prevention Act	16.540	11-DC-1101	30,000
Bullet Proof Vest Grant	16.607	Not Applicable	3,600
Total U.S. Department of Justice			<u>119,295</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended September 30, 2021

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Direct through U.S. Department of Transportation			
Airport Improvement Program	20.106		<u>631,213</u>
Total U.S. Department of Transportation			<u>631,213</u>
U.S. Department of the Treasury			
Passed through the Office of the Governor:			
COVID -19: Coronavirus Relief Fund	21.019	20-1892-0-1-806	136,846
Direct through the U.S Department of the Treasury:			
Equitable Sharing	21.016	Not Applicable	<u>118,394</u>
Total U.S. Department of the Treasury			<u>255,240</u>
Various Agencies - 2			
Passed through Idaho Secretary of State:			
HAVA Election Security Grants			
COVID-19 HAVA Election Security Grants	90.404	ID20101CARES-01	66,419
HAVA Election Security	90.404	ID20101001-01	<u>30,405</u>
Total HAVA Election Security Grants			<u>96,824</u>
Total Various Agencies -2			<u>96,824</u>
U.S. Department of Health & Human Services			
Passed through State Department of Health & Welfare:			
Family Violence Prevention	93.671	G1902IDFVPS	<u>15,000</u>
Total U.S. Department of Health & Human Services			<u>15,000</u>
U.S. Department of Homeland Security			
Passed through State Department of Parks & Recreation:			
Boating Safety Financial Assistance	97.012	14.01.16	<u>104,085</u>
Passed through State Military Division:			
Homeland Security Grant Program			
2018 Homeland Security Grant Program	97.067	EMW2018SS00040	30,942
2019 Homeland Security Grant Program	97.067	EMW2019SS00047	121,734
2020 Homeland Security Grant Program	97.067	EMW2020SS00070	<u>124,722</u>
Total Homeland Security Grant Program			<u>277,398</u>
Total U.S. Department of Homeland Security			<u>381,483</u>
Total Expenditures of Federal Awards			<u>\$ 2,987,030</u>

BONNER COUNTY, IDAHO
Sandpoint, Idaho

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

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, 2021. 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, 2021 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 April 22, 2022.

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) as a basis for designing 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 financial statements. 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
April 22, 2022



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, 2021. 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, 2021.

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
April 22, 2022

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

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 ☒ no

- significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- material weakness(es) identified? ☐ yes ☒ no

- significant deficiency(ies) identified? ☐ yes ☒ none reported

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

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

Identification of major programs:
Reporting Requirements and Communication Considerations

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.226	Payment in Lieu of Taxes
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

BONNER COUNTY, IDAHO
Sandpoint, Idaho

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2021

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.