

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**Audited Financial Statements**  
**For the Year Ended September 30, 2017**

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## INTRODUCTORY SECTION



BONNER COUNTY, IDAHO

COUNTY AUDITOR'S CERTIFICATE

For the Fiscal Year Ended September 30, 2017

COUNTY OF BONNER  
STATE OF IDAHO

Michael Rosedale, being first duly sworn, deposes and says that he is the County Clerk of Bonner County, Idaho, that to the best of his knowledge the following is a full, true, and correct and complete statement of the financial condition of said county for the year ended September 30, 2017.



Michael Rosedale  
County Clerk

Subscribed and sworn to before me this 21<sup>ST</sup> day of June, 20 18.

Notary Public

Approved by the Board of Commissioners of Bonner County, Idaho in regular session this 26<sup>th</sup> day of JUNE, 20 18.



Jeff Connolly, Commissioner

Absent

Dan McDonald, Commissioner



Glen Bailey, Commissioner

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bonner County, Idaho, as of and for the year ended September 30, 2017, 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, 2017, and the respective changes in financial position and where applicable, cash flows, and the respective budgetary comparison for the General Fund, Justice Fund, Road and Bridge Fund, Airport Fund, and Ambulance District, thereof and for the year ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the County recorded a prior period adjustment to the pension related accounts to reflect adjustments made to PERSI's audited financials in their most recent audited period. Additionally, the County recorded a prior period adjustment to the assets and net position to reflect a fixed asset adjustment.

### ***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 6-14 and the net pension liability related schedules on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bonner County's basic financial statements. The introductory section,

combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and nonmajor fund financial statements 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 is 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 June 4, 2018 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  
June 4, 2018

**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, 2017 and the related notes to the financial statements, which collectively comprise Bonner County, Idaho's basic financial statements, and have issued our report thereon dated June 4, 2018.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Hayden Ross, PLLC*

Moscow, Idaho  
June 4, 2018

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2017**

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, 2017. We encourage readers to consider the information presented herein in conjunction with additional information that has been furnished in the accompanying *Notes to Financial Statements* which are a part of this audit report. Comparative analysis will be done on key elements of governmental funds and enterprise funds in this MD&A.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Government-wide Financial Analysis**

Bonner County is able to provide a comparative analysis of the government-wide data presented in compliance with the requirements of the Governmental Accounting Standards Board (GASB). The comparisons are found in tables throughout this section. As you examine the tables, you will find all of our activities, except Solid Waste, listed under Governmental Activities. Solid Waste information is located under the headings noted as Business-type Activities. Our Ambulance Service (EMS) is shown separately since it is a stand-alone taxing district, even though governed by the Board of County Commissioners.

Table 1 – summarizes the County’s net position for 2017 and 2016:

Condensed Statements of Net Position							
	Governmental Activities		Business-type Activities		Total County		Total percentage change
	2017	2016	2017	2016	2017	2016	2016-2017
Current and other assets	\$48,889,397	\$55,954,165	\$6,290,904	\$8,577,145	\$55,180,301	\$64,531,310	-14.5%
Capital assets	45,673,027	41,685,563	3,848,294	3,100,618	49,521,321	44,786,181	10.6%
Deferred outflows of resources	1,877,926	6,236,751	92,202	297,446	1,970,128	6,534,197	-69.8%
<b>Total assets and deferred outflows of resources</b>	<b>96,440,350</b>	<b>103,876,479</b>	<b>10,231,400</b>	<b>11,975,209</b>	<b>106,671,750</b>	<b>115,851,688</b>	<b>-7.9%</b>
Current and other liabilities	2,770,092	6,042,517	381,979	983,122	3,152,071	7,025,639	-55.1%
Noncurrent liabilities	13,078,263	15,119,215	488,649	567,753	13,566,912	15,686,968	-13.5%
Deferred inflows of resources	29,992,482	31,008,688	2,713,005	2,765,152	32,705,487	33,773,840	-3.2%
<b>Total liabilities and deferred inflows of resources</b>	<b>45,840,837</b>	<b>52,170,420</b>	<b>3,583,633</b>	<b>4,316,027</b>	<b>49,424,470</b>	<b>56,486,447</b>	<b>-12.5%</b>
<b>Net position</b>							
Net investment in capital assets	42,182,031	38,120,404	3,848,294	3,100,618	46,030,325	41,221,022	11.7%
Restricted for:							
General gov.	1,793,029	1,940,709	-	-	1,793,029	1,940,709	-7.6%
Public safety	5,296,760	8,954,025	-	-	5,296,760	8,954,025	-40.8%
Road & bridge	2,572,037	3,347,073	-	-	2,572,037	3,347,073	-23.2%
Emergency medical services	1,849,628	1,446,180	-	-	1,849,628	1,446,180	27.9%
Debt retirement	-	-	664	664	664	664	0.0%

Historical society & rec.	567,782	577,520	-	-	567,782	577,520	-1.7%
Health & welfare	820,176	967,691	-	-	820,176	967,691	-15.2%
Weeds	138,695	96,731	-	-	138,695	96,731	43.4%
Road Construction	212,180	325,695	-	-	212,180	325,695	-34.9%
Capital projects	80	80	-	-	80	80	0.0%
Unrestricted	(4,832,885)	(4,070,049)	2,798,809	4,557,900	(2,034,076)	487,851	-516.9%
<b>Total net position</b>	<b>\$50,599,5133</b>	<b>\$51,706,059</b>	<b>\$6,647,767</b>	<b>\$7,659,182</b>	<b>\$57,247,280</b>	<b>\$59,365,241</b>	<b>-3.6%</b>

As noted earlier, Bonner County's net position, when reviewed over time, may serve as a useful indicator of Bonner County's financial position. In the case of Bonner County, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$57,247,280 (\$50,599,513 in governmental activities and \$6,647,767 in business-type activities) as of September 30, 2017. 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.

At the end of the current fiscal year, the County has a negative balance in the unrestricted category of net position for the government as a whole. The primary reason for this negative balance is due to the recognition of the net pension liability.

Table 2 – summarizes the changes in net position for 2017 and 2016:

Condensed Statements of Activities							
	Governmental Activities		Business-type Activities		Total County		Total Percentage Change
	2017	2016	2017	2016	2017	2016	2016-2017
<b>Revenues</b>							
Program revenues:							
Charges for services	\$4,581,764	\$3,976,448	\$2,182,790	\$2,267,168	\$6,764,554	\$6,243,616	8.3%
Operating grants & contributions	603,562	852,542	-	-	603,562	852,542	-29.2%
Capital grants & contributions	591,046	463,526	-	-	591,046	463,526	27.5%
General revenues:							
Property taxes:	27,332,623	26,069,866	-	-	27,332,623	26,069,866	4.8%
Other taxes	-	-	2,637,783	2,567,750	2,637,783	2,567,750	2.7%

Inter-governmental	7,450,108	7,218,290	-	-	7,450,108	7,218,290	3.2%
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Other	2,703,220	1,776,993	46,171	153,299	2,749,391	1,930,292	42.4%
<b>Total revenues</b>	<b>43,262,323</b>	<b>40,357,665</b>	<b>4,866,744</b>	<b>4,988,217</b>	<b>48,129,067</b>	<b>45,345,882</b>	<b>6.1%</b>
<b>Expenses</b>							
General government	10,371,485	9,082,658		-	10,371,485	9,082,658	14.2%
Public safety	20,197,305	18,639,506		-	20,197,305	18,639,506	8.4%
Emergency medical services	2,920,049	2,887,040		-	2,920,049	2,887,040	1.1%
Road & bridge	9,061,016	10,177,712		-	9,061,016	10,177,712	-11.0%
Weeds	141,035	170,386		-	141,035	170,386	-17.2%
Health	254,191	251,401		-	254,191	251,401	1.1%
Welfare	152,922	161,488		-	152,922	161,488	-5.3%
Junior college	221,701	240,119		-	221,701	240,119	-7.7%
Historical society & recreation	663,703	611,148		-	663,703	611,148	8.6%
Capital outlay	540,059	358,490		-	540,059	358,490	50.6%
Interest on long-term debt	132,174	134,400		-	132,174	134,400	-1.7%
Solid waste		-	5,940,824	5,368,987	5,940,824	5,368,987	10.7%
<b>Total expenses</b>	<b>44,655,640</b>	<b>42,714,348</b>	<b>5,940,824</b>	<b>5,368,987</b>	<b>50,596,464</b>	<b>48,083,335</b>	<b>5.2%</b>
<b>Change in net position</b>	<b>\$(1,393,317)</b>	<b>\$(2,356,683)</b>	<b>\$(1,074,080)</b>	<b>\$(380,770)</b>	<b>\$(2,467,397)</b>	<b>\$(2,737,453)</b>	<b>-9.9%</b>

### **Governmental Activities**

Charges for services were the County's largest program revenue, accounting for \$4,581,764 or 10.6% 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 \$1,194,608 or 2.8% of total governmental revenues.

Property tax revenues account for \$27,332,623 of the \$43,262,323 total revenues for governmental activities or 63.2% of total revenues.

The largest program was Public Safety, accounting for \$20,197,305 and representing 45.2% of total governmental expenses. Road and Bridge accounted for \$9,061,016 of the \$44,655,640 total expenses for governmental activities, or 20.3% of total expenses.

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

Of the total charges for services revenues of \$4,581,764, \$677,488 was received and used to fund the general government expenses of \$10,371,485 of the County. The remaining \$34,284,155 in net governmental activity costs are funded by property taxes, sales taxes, and intergovernmental revenues.

Table 3 – summaries the governmental activities costs of services for 2017 and 2016

Condensed Statements of Activities						
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2017	2016	2016-2017	2017	2016	2016-2017
General government	\$10,371,485	\$9,082,658	14.2%	\$9,243,254	\$8,110,968	14.0%
Public safety	20,197,305	18,639,506	8.4%	17,008,872	15,726,905	8.2%
Emergency medical services	2,920,049	2,887,040	1.1%	1,923,921	2,101,451	-8.4%
Road & bridge	9,061,016	10,177,712	-11.0%	8,752,610	9,568,636	-8.5%
Weeds	141,035	170,386	-17.2%	116,035	170,386	-31.9%
Health	254,191	251,401	1.1%	254,191	251,401	1.1%
Welfare	152,922	161,488	-5.3%	152,922	161,488	-5.3%
Junior college	221,701	240,119	-7.7%	221,701	240,119	-7.7%
Historical society and recreation	663,703	611,148	8.6%	533,529	597,588	-10.7%
Capital outlay	540,059	358,490	50.6%	540,059	358,490	50.6%
Interest on long-term debt	132,174	134,400	-1.7%	132,174	134,400	-1.7%
<b>Total cost</b>	<b>\$44,655,640</b>	<b>\$42,714,348</b>	<b>4.5%</b>	<b>\$38,879,268</b>	<b>\$37,421,832</b>	<b>3.9%</b>

### **Business-Type Activities**

The net position for business-type activities decreased by \$1,074,080 during the year and the major revenue sources were charges for services of \$2,182,790.

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

**Proprietary Fund:** During fiscal year 2017, actual expenses exceeded revenues by \$1,074,080 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.

### 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.

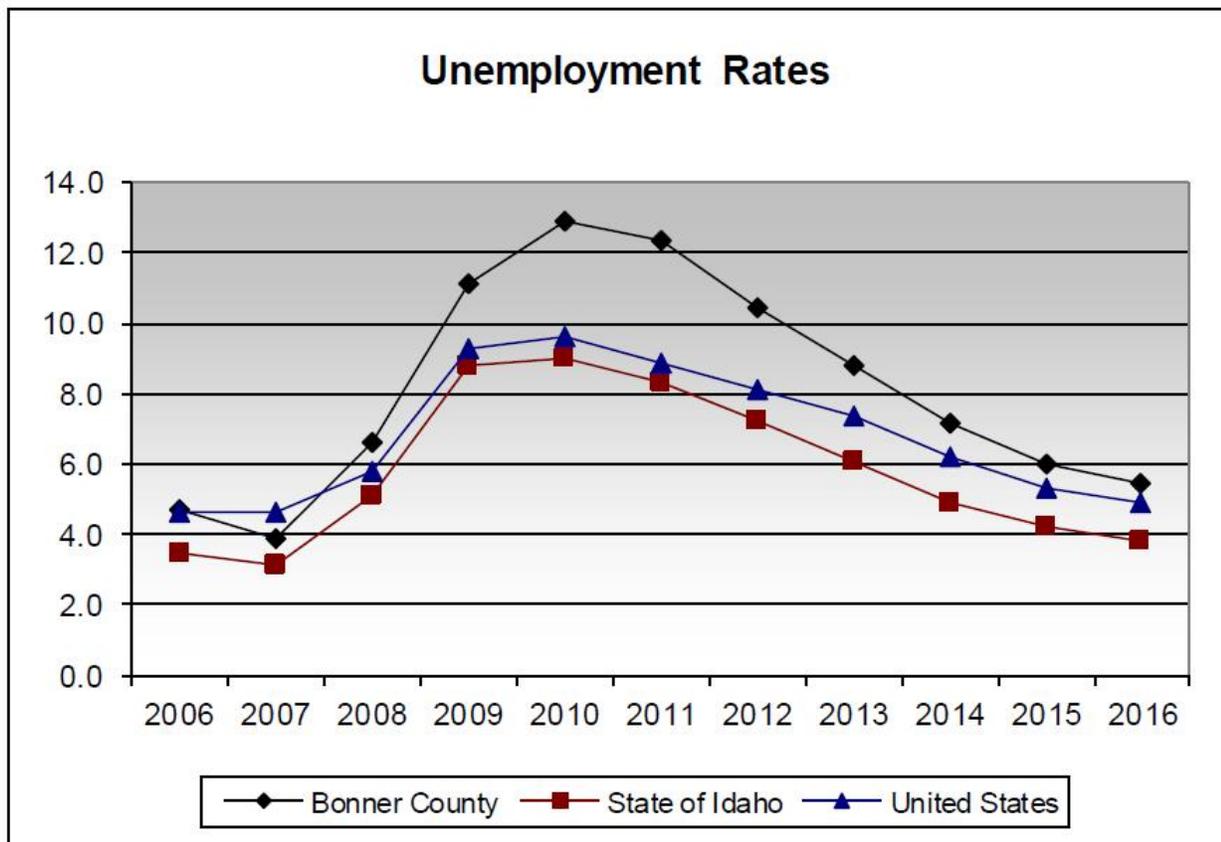
Bonner County has a capital lease debt related to the Administration building in the amount of \$1,429,711.

### Budget Variations

Developing a budget is not an exact science. It is the best estimate available at the time of projection of the revenues you anticipate receiving and of the expenses you estimate will be incurred during the next fiscal year. For the fiscal year ended September 30, 2017, there were no funds for which expenditures exceeded appropriations.

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

**Local Economy:** Bonner County has enjoyed considerable success in diversifying and expanding its economy. Manufacturing jobs rose 27 percent from 1,486 in 2000 to 1,880 in 2010 while they fell 26 percent statewide. Per capita income increased from \$33,720 to \$36,553 from 2014 to 2016. Graph below indicates a downward trend in unemployment from 2010. (Charts and Information were collected from the Idaho Department of Labor. <https://labor.idaho.gov/publications/lmi/pubs/BonnerProfile.pdf> )

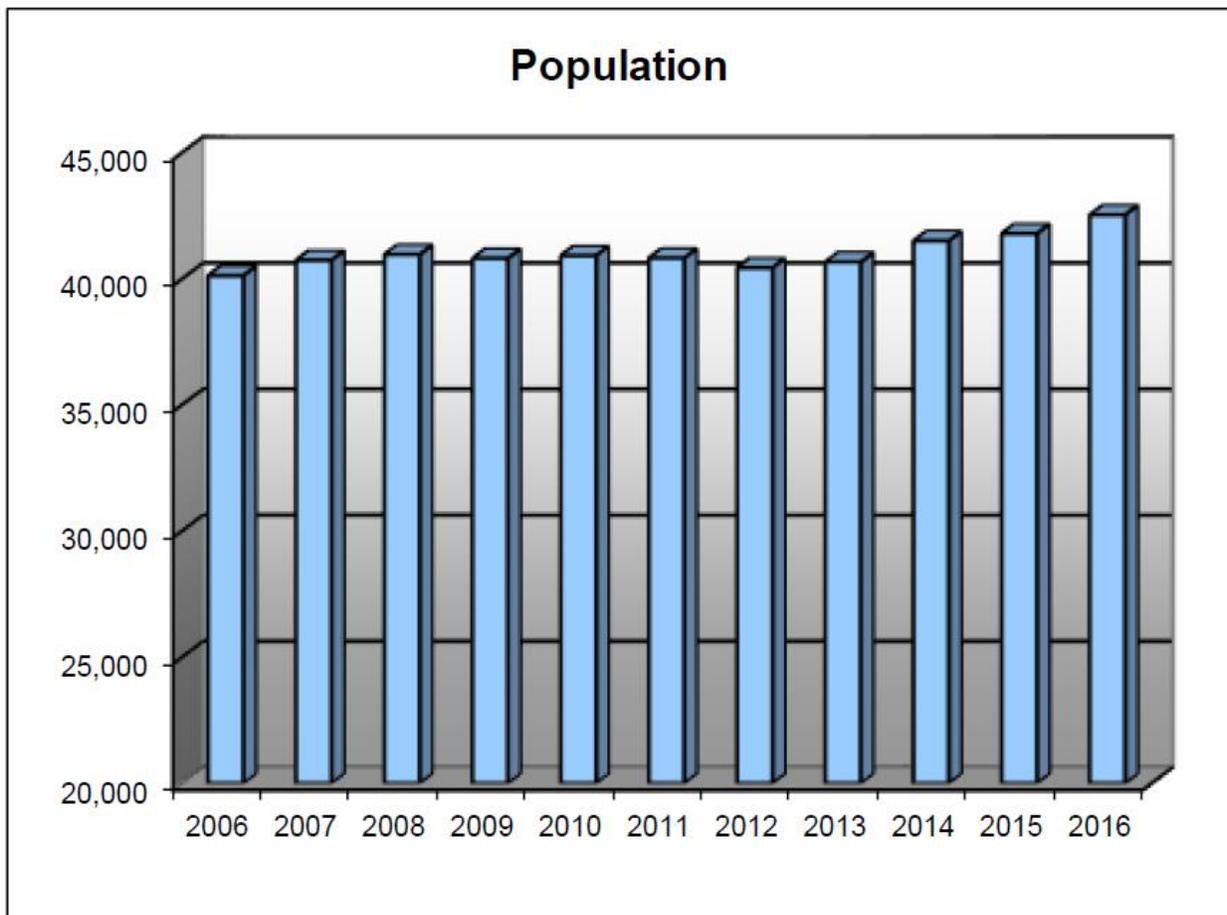


## Population

Bonner County has experienced steady population growth. Its beauty, recreational opportunities and quality of life attracted thousands of new residents. From 2006 to 2016, however, the county's population grew 6 percent from 40,127 to 42,536 while Idaho's population grew 14.6 percent and the U.S. population grew 8.3 percent. The county also has hundreds of summer residents.

Sandpoint, the county seat, had a population of 7,835 in 2015. Surrounding populations include 1,138 in Ponderay, 789 in Kootenai and 660 in Dover. The largest city west of Sandpoint, Priest River, has 1,758 residents. Clark Fork with 541 residents is the largest town to the east.

## **Labor**



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

## **County Operations**

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

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

Our medical premium and claim costs for benefits found a decrease in our loss claims utilization. The county introduced a voluntary short term disability program as well as a Paid Long Term Disability. The County has continued its efforts with the Wellness Program, offering premium reductions for employees who participate in the program and complete biometric screenings. This year we made significant progress with moving employees to the HSA plan.

FY 2017 included the implementation of our compensation program. This included a new grade structure, pay bands (rather than steps), move to minimum of the range and compression/equity adjustments. This has resulted in better alignment of our positions to the market as well as creating a range system for our exempt staff.

Recruitment remains a challenge for Bonner County with turnover in semi-skilled technical positions. We have a market that is difficult to recruit from, given a dry labor market, housing shortage and a high cost of living. Many hires out of the local area, live and commute from Kootenai County.

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

Liability insurance costs were increasing; FY 2017 costs were to rise 16% to \$838,233. To contain costs, a Self-Insured Retention (SIR) program was purchased. The premium for the FY 2017 SIR was \$532,000.

In order to have a successful SIR program, serious training investments were made, including Orientation, Defensive Driving, Respectful Workplace training, and more. Risk Management related policies were created that encourage vigilance among all departments to control hazards and losses.

As of March 2018, these programs have been very successful, with new record low losses.

Workers Compensation Insurance losses are slightly lower than previous years, but continue to be higher than expected. Discussions in the future will focus on controlling losses in this arena more effectively.

### **Road & Bridge:**

Road & Bridge maintains 286 miles of paved roads and 393 miles of gravel roads through a network of three district road crews. The department operated FY17 with a \$10+M budget that allowed the million dollar asphalt project on the Bottle Bay Road and the purchase of five new dump trucks. The 10+% reduction in budget for FY18 will most directly impact the rotational replacement of the oldest heavy trucks with high mileage and larger repair costs.

The most recognized seasonal maintenance work of Road & Bridge is winter plowing and sanding when crews roll out at 4AM for priority school bus routes, applying some 30,000 cubic yards of sand annually. Spring and fall are the seasons of the road grader, when all 11 units are deployed restoring gravel road surfaces, prepping 232 miles of road for dust abatement treatment for the summer. Summer is the season

of road reconstruction, ditching and culvert replacement, interspersed with crack sealing and chip sealing existing asphalt roads throughout the county system.

**Planning:**

Through FY 2017, the Planning Department continued to see growth in building location permits (BLP's) finishing the calendar 2017 at 936 permits, ranking 5th in the state of Idaho. 2017 was the first full year for the new Minor Land Division Ordinance allowing a more simple process for small land divisions. We finished the year with 43 minor land divisions creating 116 new lots. With the increase in building location permits, we will continue to see an increase in land use files.

**Silver Wing Development Litigation:**

The Silver Wing litigation is coming to a close and we are expecting a final decision from the State Supreme Court on the remaining state law claim by the end of this calendar year. Bonner expects a positive outcome with the remaining issue.

**Requests for Information**

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

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

## **FINANCIAL STATEMENTS**



**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**STATEMENT OF NET POSITION**  
September 30, 2017

	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	15,533,065	3,303,986	18,837,051
Receivables, net of allowance for uncollectibles:			
Taxes	1,206,369	-	1,206,369
Special assessments	-	128,785	128,785
Unbilled taxes	28,648,683	-	28,648,683
Unbilled special assessments	-	2,647,028	2,647,028
Interest	187	-	187
Fees	962	-	962
Accounts	582,033	204,191	786,224
Prepaid expenses	781,118	6,250	787,368
Due from other governments	2,136,980	-	2,136,980
Restricted assets:			
Cash on deposit with fiscal agent	-	664	664
Total current assets	<u>48,889,397</u>	<u>6,290,904</u>	<u>55,180,301</u>
Noncurrent assets:			
Land	4,337,164	518,416	4,855,580
Construction in progress	1,043,621	160,560	1,204,181
Depreciable assets, net	<u>40,292,242</u>	<u>3,169,318</u>	<u>43,461,560</u>
Total noncurrent assets	<u>45,673,027</u>	<u>3,848,294</u>	<u>49,521,321</u>
Total assets	<u>94,562,424</u>	<u>10,139,198</u>	<u>104,701,622</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	<u>1,877,926</u>	<u>92,202</u>	<u>1,970,128</u>
<b>LIABILITIES</b>			
Current liabilities:			
Warrants payable	94,219	-	94,219
Vouchers payable	1,296,070	360,597	1,656,667
Accrued payroll	352,138	19,348	371,486
Accrued retirement payable	36,943	2,034	38,977
Tax anticipation note payable	500,000	-	500,000
Capital leases payable	490,722	-	490,722
Total current liabilities	<u>2,770,092</u>	<u>381,979</u>	<u>3,152,071</u>
Noncurrent liabilities:			
Compensated absences	1,119,672	48,816	1,168,488
Capital leases payable, less current portion	3,000,274	-	3,000,274
Net pension liability	<u>8,958,317</u>	<u>439,833</u>	<u>9,398,150</u>
Total noncurrent liabilities	<u>13,078,263</u>	<u>488,649</u>	<u>13,566,912</u>
Total liabilities	<u>15,848,355</u>	<u>870,628</u>	<u>16,718,983</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable tax revenue	28,648,683	-	28,648,683
Unbilled special assessment	-	2,647,028	2,647,028
Pension related items	1,343,799	65,977	1,409,776
Total deferred inflows of resources	<u>29,992,482</u>	<u>2,713,005</u>	<u>32,705,487</u>
<b>NET POSITION</b>			
Net investment in capital assets	42,182,031	3,848,294	46,030,325
Restricted for:			
General government	1,793,029	-	1,793,029
Public safety	5,296,760	-	5,296,760
Road and bridge	2,572,037	-	2,572,037
Emergency medical services	1,849,628	-	1,849,628
Debt service	-	664	664
Historical society and recreation	567,782	-	567,782
Health and welfare	820,176	-	820,176
Weeds	138,695	-	138,695
Road construction	212,180	-	212,180
Capital projects	80	-	80
Unrestricted	<u>(4,832,885)</u>	<u>2,798,809</u>	<u>(2,034,076)</u>
Total net position	<u>\$ 50,599,513</u>	<u>\$ 6,647,767</u>	<u>\$ 57,247,280</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Governmental activities:							
General government	10,371,485	677,488	-	450,743	(9,243,254)	-	(9,243,254)
Public safety	20,197,305	2,893,277	295,156	-	(17,008,872)	-	(17,008,872)
Emergency medical services	2,920,049	996,128	-	-	(1,923,921)	-	(1,923,921)
Road and bridge	9,061,016	-	308,406	-	(8,752,610)	-	(8,752,610)
Weeds	141,035	-	-	25,000	(116,035)	-	(116,035)
Health	254,191	-	-	-	(254,191)	-	(254,191)
Welfare	152,922	-	-	-	(152,922)	-	(152,922)
Junior college	221,701	-	-	-	(221,701)	-	(221,701)
Historical society and recreation	663,703	14,871	-	115,303	(533,529)	-	(533,529)
Capital outlay	540,059	-	-	-	(540,059)	-	(540,059)
Interest on long-term debt	132,174	-	-	-	(132,174)	-	(132,174)
Total governmental activities	<u>44,655,640</u>	<u>4,581,764</u>	<u>603,562</u>	<u>591,046</u>	<u>(38,879,268)</u>	<u>-</u>	<u>(38,879,268)</u>
Business-type activities:							
Solid waste	5,940,824	2,182,790	-	-	-	(3,758,034)	(3,758,034)
Total business-type activities	<u>5,940,824</u>	<u>2,182,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,758,034)</u>	<u>(3,758,034)</u>
Total primary government	<u>\$ 50,596,464</u>	<u>\$ 6,764,554</u>	<u>\$ 603,562</u>	<u>\$ 591,046</u>	<u>(38,879,268)</u>	<u>(3,758,034)</u>	<u>(42,637,302)</u>
<b>General revenues</b>							
Taxes							
Property taxes, levied for general purposes					27,332,623	-	27,332,623
Special assessments					-	2,637,783	2,637,783
Intergovernmental					7,450,108	-	7,450,108
Licenses and permits					1,057,992	-	1,057,992
Fines					157,856	-	157,856
Gain (loss) on disposal of capital assets					109,014	(434)	108,580
Miscellaneous					1,249,165	46,605	1,295,770
Interest and investment earnings					129,193	-	129,193
Total general revenue and transfers					<u>37,485,951</u>	<u>2,683,954</u>	<u>40,169,905</u>
Change in net position					(1,393,317)	(1,074,080)	(2,467,397)
Net position - beginning of year					51,706,059	7,659,182	59,365,241
Prior-period adjustment					286,771	62,665	349,436
Total net position - end of year					<u>\$ 50,599,513</u>	<u>\$ 6,647,767</u>	<u>\$ 57,247,280</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
September 30, 2017

	General	Justice	Road and Bridge	Airport	Ambulance District	Nonmajor Governmental	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>							
Assets							
Cash and investments	2,362,365	3,846,286	1,724,076	379,068	1,743,363	5,477,907	15,533,065
Receivables, net of allowance for uncollectibles:							
Taxes	190,236	464,689	247,578	23,470	108,331	172,065	1,206,369
Unbilled taxes	3,412,284	13,137,857	4,355,825	603,136	2,620,709	4,518,872	28,648,683
Interest	-	-	-	-	-	187	187
Fees	-	-	-	-	-	962	962
Accounts	1,856	4,802	15,992	5	277,171	282,207	582,033
Prepaid expenses	553,775	62,106	26,300	2,788	41,176	94,973	781,118
Due from other governments	300,845	419,060	839,090	574	-	577,411	2,136,980
Due from other funds	297,869	105,334	9,900	187,110	-	44,448	644,661
Total assets	<u>7,119,230</u>	<u>18,040,134</u>	<u>7,218,761</u>	<u>1,196,151</u>	<u>4,790,750</u>	<u>11,169,032</u>	<u>49,534,058</u>
Deferred outflows of resources	-	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 7,119,230</u>	<u>\$ 18,040,134</u>	<u>\$ 7,218,761</u>	<u>\$ 1,196,151</u>	<u>\$ 4,790,750</u>	<u>\$ 11,169,032</u>	<u>\$ 49,534,058</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>							
Liabilities							
Warrants payable	35	284	217	-	91,910	1,773	94,219
Vouchers payable	277,205	209,272	98,040	5,414	33,173	672,966	1,296,070
Accrued payroll	59,488	145,128	36,906	4,314	33,832	72,470	352,138
Accrued retirement payable	6,256	15,261	3,881	454	3,558	7,533	36,943
Tax anticipation note payable	-	500,000	-	-	-	-	500,000
Due to other funds	-	-	-	-	-	644,661	644,661
Total liabilities	<u>342,984</u>	<u>869,945</u>	<u>139,044</u>	<u>10,182</u>	<u>162,473</u>	<u>1,399,403</u>	<u>2,924,031</u>
Deferred inflows of resources							
Deferred revenue	167,406	409,525	216,323	20,626	95,376	198,915	1,108,171
Unavailable tax revenue	3,412,284	13,137,857	4,355,825	603,136	2,620,709	4,518,872	28,648,683
Total deferred inflows of resources	<u>3,579,690</u>	<u>13,547,382</u>	<u>4,572,148</u>	<u>623,762</u>	<u>2,716,085</u>	<u>4,717,787</u>	<u>29,756,854</u>
Fund balance:							
Nonspendable	553,775	62,106	26,300	2,788	41,176	94,973	781,118
Restricted for:							
General government	-	-	-	559,419	-	1,269,191	1,828,610
Public safety	-	3,560,701	-	-	-	1,938,919	5,499,620
Road and bridge	-	-	2,481,269	-	-	-	2,481,269
Emergency medical services	-	-	-	-	1,871,016	-	1,871,016
Historical society and recreation	-	-	-	-	-	586,682	586,682
Health and welfare	-	-	-	-	-	816,112	816,112
Weeds	-	-	-	-	-	133,705	133,705
Road construction	-	-	-	-	-	212,180	212,180
Capital projects	-	-	-	-	-	80	80
Unassigned	2,642,781	-	-	-	-	-	2,642,781
Total fund balance	<u>3,196,556</u>	<u>3,622,807</u>	<u>2,507,569</u>	<u>562,207</u>	<u>1,912,192</u>	<u>5,051,842</u>	<u>16,853,173</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 7,119,230</u>	<u>\$ 18,040,134</u>	<u>\$ 7,218,761</u>	<u>\$ 1,196,151</u>	<u>\$ 4,790,750</u>	<u>\$ 11,169,032</u>	<u>\$ 49,534,058</u>

**BONNER COUNTY, IDAHO**

**Sandpoint, Idaho**

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**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2017**

Total fund balances - governmental funds		16,853,173
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	521,266,815	
Accumulated depreciation	<u>(475,593,788)</u>	45,673,027
Assets that are not available to pay for current period expenditures are not considered available in the governmental funds:		
Property taxes		1,108,171
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		1,877,926
Deferred inflow of resources		<u>(1,343,799)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Capital leases payable, due within one year	(490,722)	
Compensated absences, due after one year	(1,119,672)	
Capital leases payable, due after one year	(3,000,274)	
Net pension liability	<u>(8,958,317)</u>	(13,568,985)
Total net position - governmental activities		<u>\$ 50,599,513</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Year Ended September 30, 2017

	General	Justice	Road and Bridge	Airport	Ambulance District	Nonmajor Governmental	Total Governmental Funds
<b>REVENUES</b>							
Taxes	4,461,809	9,997,143	5,603,099	708,619	2,524,077	3,924,594	27,219,341
Intergovernmental	1,186,379	1,935,502	3,181,508	7,711	-	2,333,616	8,644,716
Licenses and permits	532,494	309,598	-	-	-	215,900	1,057,992
Charges for services	677,468	1,145,587	-	-	996,128	1,762,581	4,581,764
Fines	-	-	-	-	-	157,856	157,856
Interest income	127,172	-	-	-	1,339	682	129,193
Miscellaneous	76,057	242,643	239,576	110,455	88,468	532,949	1,290,148
Total revenues	<u>7,061,379</u>	<u>13,630,473</u>	<u>9,024,183</u>	<u>826,785</u>	<u>3,610,012</u>	<u>8,928,178</u>	<u>43,081,010</u>
<b>EXPENDITURES</b>							
General government	5,826,529	-	-	445,374	-	2,872,380	9,144,283
Public safety	117,626	15,601,114	-	-	-	3,568,415	19,287,155
Emergency medical expenses	-	-	-	-	2,815,093	-	2,815,093
Road and bridge	-	-	6,143,844	-	-	431,811	6,575,655
Weeds	-	-	-	-	-	130,597	130,597
Health	-	-	-	-	-	254,191	254,191
Welfare	-	-	-	-	-	155,544	155,544
Junior college	-	-	-	-	-	221,701	221,701
Historical society and recreation	-	-	-	-	-	615,992	615,992
Capital outlay	2,071,022	1,500,905	4,122,476	191,534	410,098	1,404,474	9,700,509
Debt service:							
Principal	106,644	-	636,178	12,743	61,044	-	816,609
Interest	78,297	-	51,202	1,287	1,388	-	132,174
Total expenditures	<u>8,200,118</u>	<u>17,102,019</u>	<u>10,953,700</u>	<u>650,938</u>	<u>3,287,623</u>	<u>9,655,105</u>	<u>49,849,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,138,739)</u>	<u>(3,471,546)</u>	<u>(1,929,517)</u>	<u>175,847</u>	<u>322,389</u>	<u>(726,927)</u>	<u>(6,768,493)</u>
Other financing sources (uses):							
Capital lease financing	9,104	-	561,380	79,183	92,779	-	742,446
Gain on disposal of capital asset	-	-	561,000	-	-	-	561,000
Net decrease in the fair value of investments	(40,983)	-	-	-	-	-	(40,983)
Total other financing sources (uses)	<u>(31,879)</u>	<u>-</u>	<u>1,122,380</u>	<u>79,183</u>	<u>92,779</u>	<u>-</u>	<u>1,262,463</u>
Net change in fund balance	<u>(1,170,618)</u>	<u>(3,471,546)</u>	<u>(807,137)</u>	<u>255,030</u>	<u>415,168</u>	<u>(726,927)</u>	<u>(5,506,030)</u>
Fund balances - beginning of year	<u>4,367,174</u>	<u>7,094,353</u>	<u>3,314,706</u>	<u>307,177</u>	<u>1,497,024</u>	<u>5,778,769</u>	<u>22,359,203</u>
Fund balances - end of year	<u>\$ 3,196,556</u>	<u>\$ 3,622,807</u>	<u>\$ 2,507,569</u>	<u>\$ 562,207</u>	<u>\$ 1,912,192</u>	<u>\$ 5,051,842</u>	<u>\$ 16,853,173</u>

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

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2017**

Net change in fund balances - governmental funds		(5,506,030)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities:</p>		
Capital outlays	9,160,450	
Depreciation expense	<u>(5,007,771)</u>	4,152,679
<p>Some property taxes will not be collected for several months after the County's fiscal year end and are not considered as "available" revenues in the governmental funds. Instead they are recorded as deferred revenues. They are however, recorded as revenues in the Statement of Activities.</p>		
		113,282
<p>Proceeds from the sale of capital assets are recorded as a gain for governmental funds, however, in the Statement of Activities, the gain is reduced by the remaining net depreciable basis associated with the disposed assets.</p>		
		(451,986)
<p>Proceeds from the issuance of long-term debt are recorded as revenues for governmental funds, but the issuance increases long-term debt in the Statement of Net Position. Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position:</p>		
Capital lease financing received	(742,446)	
Principal payments	<u>816,609</u>	74,163
<p>Net pension liability adjustments:</p>		
Fiscal year 2016 employer PERSI contributions recognized as pension expense in the current year.	(511,054)	
Fiscal year 2017 employer PERSI contributions deferred to subsequent year.	471,254	
Pension related amortization expense.	<u>320,789</u>	280,989
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount by which compensated absences incurred exceeded the amount paid during the year.</p>		
		<u>(56,414)</u>
Total change in net position of governmental activities		<u><u>\$ (1,393,317)</u></u>

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended September 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<b>Variances</b>	
				<b>Favorable (Unfavorable)</b>	
				<b>Original to</b>	<b>Amended to</b>
				<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>					
Taxes	4,471,097	4,471,097	4,461,809	(9,288)	(9,288)
Intergovernmental	988,197	988,197	1,186,379	198,182	198,182
Licenses and permits	538,065	538,065	532,494	(5,571)	(5,571)
Charges for services	346,050	346,050	677,468	331,418	331,418
Fines	400	400	-	(400)	(400)
Interest income	92,160	92,160	127,172	35,012	35,012
Miscellaneous	43,099	42,999	76,057	32,958	33,058
Total revenues	<u>6,479,068</u>	<u>6,478,968</u>	<u>7,061,379</u>	<u>582,311</u>	<u>582,411</u>
<b>Expenditures</b>					
General government	6,929,831	7,515,595	5,826,529	1,103,302	1,689,066
Public safety	237,419	257,063	117,626	119,793	139,437
Capital outlay	1,011,032	2,057,131	2,071,022	(1,059,990)	(13,891)
Debt service:					
Principal	1,634,408	1,634,408	106,644	1,527,764	1,527,764
Interest	-	-	78,297	(78,297)	(78,297)
Total expenditures	<u>9,812,690</u>	<u>11,464,197</u>	<u>8,200,118</u>	<u>1,612,572</u>	<u>3,264,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,333,622)</u>	<u>(4,985,229)</u>	<u>(1,138,739)</u>	<u>2,194,883</u>	<u>3,846,490</u>
Other financing sources:					
Capital lease financing	-	-	9,104	9,104	9,104
Net decrease in the fair value of investments	-	-	(40,983)	(40,983)	(40,983)
Net change in fund balance	<u>\$ (3,333,622)</u>	<u>\$ (4,985,229)</u>	<u>(1,170,618)</u>	<u>\$ 2,163,004</u>	<u>\$ 3,814,611</u>
Fund balance - beginning of year			<u>4,367,174</u>		
Fund balance - end of year			<u>\$ 3,196,556</u>		

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**JUSTICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2017**

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
<b>Revenues</b>					
Taxes	9,991,093	9,991,093	9,997,143	6,050	6,050
Intergovernmental	1,697,388	1,697,388	1,935,502	238,114	238,114
Licenses and permits	260,500	260,500	309,598	49,098	49,098
Charges for services	805,430	805,430	1,145,587	340,157	340,157
Miscellaneous	51,180	51,180	242,643	191,463	191,463
Total revenues	<u>12,805,591</u>	<u>12,805,591</u>	<u>13,630,473</u>	<u>824,882</u>	<u>824,882</u>
<b>Expenditures</b>					
Public safety	15,586,999	16,920,903	15,601,114	(14,115)	1,319,789
Capital outlay	827,592	1,961,936	1,500,905	(673,313)	461,031
Total expenditures	<u>16,414,591</u>	<u>18,882,839</u>	<u>17,102,019</u>	<u>(687,428)</u>	<u>1,780,820</u>
Net change in fund balance	<u>\$ (3,609,000)</u>	<u>\$ (6,077,248)</u>	(3,471,546)	<u>\$ 137,454</u>	<u>\$ 2,605,702</u>
Fund balance - beginning of year			<u>7,094,353</u>		
Fund balance - end of year			<u>\$ 3,622,807</u>		

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**ROAD AND BRIDGE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2017**

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
<b>Revenues</b>					
Taxes	5,738,471	5,738,471	5,603,099	(135,372)	(135,372)
Intergovernmental	2,256,026	2,256,026	3,181,508	925,482	925,482
Miscellaneous	58,500	58,500	239,576	181,076	181,076
Total revenues	<u>8,052,997</u>	<u>8,052,997</u>	<u>9,024,183</u>	<u>971,186</u>	<u>971,186</u>
<b>Expenditures</b>					
Road and bridge	8,656,335	9,269,349	6,143,844	2,512,491	3,125,505
Capital outlay	1,623,225	1,623,225	4,122,476	(2,499,251)	(2,499,251)
Debt service:					
Principal	186,000	186,000	636,178	(450,178)	(450,178)
Interest	-	-	51,202	(51,202)	(51,202)
Total expenditures	<u>10,465,560</u>	<u>11,078,574</u>	<u>10,953,700</u>	<u>(488,140)</u>	<u>124,874</u>
Excess (deficiency) of revenues over/under expenditures	(2,412,563)	(3,025,577)	(1,929,517)	483,046	1,096,060
Other financing sources:					
Capital lease proceeds	-	-	561,380	561,380	561,380
Gain on sale of capital asset	-	-	561,000	561,000	561,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,122,380</u>	<u>1,122,380</u>	<u>1,122,380</u>
Net change in fund balance	<u>\$ (2,412,563)</u>	<u>\$ (3,025,577)</u>	(807,137)	<u>\$ 1,605,426</u>	<u>\$ 2,218,440</u>
Fund balance - beginning of year			<u>3,314,706</u>		
Fund balance - end of year			<u>\$ 2,507,569</u>		

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**AIRPORT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2017**

	Original Budget	Amended Budget	Actual	Variances	
				Favorable (Unfavorable) Original to Actual	Amended to Actual
<b>Revenues</b>					
Taxes	707,663	707,663	708,619	956	956
Intergovernmental	-	-	7,711	7,711	7,711
Miscellaneous	123,719	123,719	110,455	(13,264)	(13,264)
Total revenues	<u>831,382</u>	<u>831,382</u>	<u>826,785</u>	<u>(4,597)</u>	<u>(4,597)</u>
<b>Expenditures</b>					
General government	601,382	648,234	445,374	156,008	202,860
Capital outlay	206,000	209,500	191,534	14,466	17,966
Debt service:					
Principal	24,000	27,000	12,743	11,257	14,257
Interest	-	-	1,287	(1,287)	(1,287)
Total expenditures	<u>831,382</u>	<u>884,734</u>	<u>650,938</u>	<u>180,444</u>	<u>233,796</u>
Excess (deficiency) of revenues over (under) expenditures	-	(53,352)	175,847	175,847	229,199
Other financing sources:					
Capital lease proceeds	-	-	79,183	79,183	79,183
Net change in fund balance	<u>\$ -</u>	<u>\$ (53,352)</u>	255,030	<u>\$ 255,030</u>	<u>\$ 308,382</u>
Fund balance - beginning of year			<u>307,177</u>		
Fund balance - end of year			<u>\$ 562,207</u>		

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**AMBULANCE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended September 30, 2017

	Original Budget	Amended Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Amended to Actual
<b>Revenues</b>					
Taxes	2,432,380	2,432,380	2,524,077	91,697	91,697
Charges for services	710,000	710,000	996,128	286,128	286,128
Interest income	-	-	1,339	1,339	1,339
Miscellaneous	21,000	21,000	88,468	67,468	67,468
Total revenues	<u>3,163,380</u>	<u>3,163,380</u>	<u>3,610,012</u>	<u>446,632</u>	<u>446,632</u>
<b>Expenditures</b>					
Emergency medical expenses	3,160,787	3,321,467	2,815,093	345,694	506,374
Capital outlay	26,957	404,154	410,098	(383,141)	(5,944)
Debt service:					
Principal	80,085	80,085	61,044	19,041	19,041
Interest	-	-	1,388	(1,388)	(1,388)
Total expenditures	<u>3,267,829</u>	<u>3,805,706</u>	<u>3,287,623</u>	<u>(19,794)</u>	<u>518,083</u>
Excess (deficiency) of revenues over/under expenditures	(104,449)	(642,326)	322,389	426,838	964,715
Other financing sources:					
Proceeds from capital leases	-	-	92,779	92,779	92,779
Net change in fund balance	<u>\$ (104,449)</u>	<u>\$ (642,326)</u>	415,168	<u>\$ 519,617</u>	<u>\$ 1,057,494</u>
Fund balance - beginning of year			<u>1,497,024</u>		
Fund balance - end of year			<u>\$ 1,912,192</u>		

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

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**SOLID WASTE FUND**  
**STATEMENT OF NET POSITION**  
September 30, 2017

**ASSETS**

Current assets:		
Cash and cash equivalents	3,303,986	
Receivables, net of allowance for uncollectibles:		
Special assessment	128,785	
Unbilled special assessments	2,647,028	
Accounts	204,191	
Prepaid expenses	6,250	
Due from other governments	-	
Restricted assets:		
Cash on deposit with fiscal agent	664	
Total current assets	<u>664</u>	6,290,904
 Noncurrent assets:		
Land	518,416	
Construction in progress	160,560	
Depreciable capital assets, net of depreciation	3,169,318	
Total noncurrent assets	<u>3,848,294</u>	<u>3,848,294</u>
 Total assets		<u>10,139,198</u>

**DEFERRED OUTFLOW OF RESOURCES**

Pension related items	<u>92,202</u>
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**LIABILITIES**

Current liabilities:		
Vouchers payable	360,597	
Accrued payroll	19,348	
Accrued retirement payable	2,034	
Total current liabilities	<u>381,979</u>	381,979
 Noncurrent liabilities:		
Compensated absences	48,816	
Net pension liability	439,833	
Total noncurrent liabilities	<u>488,649</u>	488,649
 Total liabilities		<u>870,628</u>

**DEFERRED INFLOW OF RESOURCES**

Unbilled special assessment revenue	2,647,028	
Pension related items	65,977	
Total deferred inflow of resources	<u>2,713,005</u>	

**NET POSITION**

Net investment in capital assets	3,848,294	
Restricted for:		
Debt service	664	
Unrestricted	<u>2,798,809</u>	
Total net position		<u>\$ 6,647,767</u>

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

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**SOLID WASTE FUND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended September 30, 2017**

**OPERATING REVENUES**

Charges for services	2,182,790	
Miscellaneous income	46,605	
Total operating revenues	<u>2,229,395</u>	2,229,395

**OPERATING EXPENSES**

Salaries	995,844	
Benefits	389,038	
Other services and charges	4,195,593	
Depreciation	360,349	
Total operating expenses	<u>5,940,824</u>	5,940,824

Operating loss (3,711,429)

**NON-OPERATING REVENUES**

Special assessments	2,637,783	
Loss on disposal of capital assets	(434)	
Total non-operating revenues	<u>2,637,349</u>	2,637,349

Change in net position (1,074,080)

Net position - beginning of year 7,659,182

Prior period adjustment 62,665

Net position - end of year \$ 6,647,767

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

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**SOLID WASTE FUND**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended September 30, 2017

<b>Cash flows from operating activities</b>		
Cash received from customers	2,218,724	
Cash paid to suppliers	(4,762,459)	
Cash paid for salaries and benefits	(1,391,864)	
Net cash used in operating activities		(3,935,599)
<b>Cash flows from investing activities</b>		-
<b>Cash flows from capital financing and related financing activities</b>		
Gain on sale of capital asset	8,101	
Acquisition of capital assets	(1,053,895)	
Net cash used in capital financing activities		(1,045,794)
<b>Cash flows from non-capital financing activities</b>		
Special assessments	2,642,048	
Net cash provided by non-capital financing activities		2,642,048
<b>Net decrease in cash</b>		(2,339,345)
<b>Cash and cash equivalents- beginning of year</b>		5,643,995
<b>Cash and cash equivalents- end of year</b>		<u>\$ 3,304,650</u>
<b>Cash and investments</b>		
Cash and cash equivalents		3,303,986
Restricted assets:		
Cash on deposit with fiscal agent		664
Total cash and cash equivalents		<u>\$ 3,304,650</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss		(3,711,429)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	360,349	
Change in pension related items:		
Deferred outflow of resources	205,244	
Deferred inflow of resources	(100,909)	
Decrease (increase) in assets:		
Receivables	(21,769)	
Due from other governments	11,098	
Prepaid expenses	2,064	
Increase (decrease) in liabilities:		
Warrants payable	(589,984)	
Vouchers payable	21,054	
Accrued payroll	(28,603)	
Accrued retirement payable	(3,610)	
Net pension liability	(90,935)	
Compensated absences	11,831	
Total adjustments		(224,170)
Net cash used in operating activities		<u>\$ (3,935,599)</u>

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

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**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**September 30, 2017**

		<u>Agency Funds</u>
<b>ASSETS</b>		
Cash		<u>4,840,400</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		<u>-</u>
<b>LIABILITIES</b>		
Warrants payable	42,978	
Due to other governments	<u>4,797,422</u>	
Total liabilities		<u>4,840,400</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		<u>-</u>
<b>NET POSITION</b>		<u><u>\$ -</u></u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2017**

**NOTE 1      Summary of Significant Accounting Policies**

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

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

***Reporting Entity***

The County operates under a commissioner form of government, with supervision of various departments by elected officials as provided by the State Constitution. For financial reporting purposes, management has considered all potential component units which are controlled by, or whose boards are appointed by, the Board of County Commissioners. Control by the County was determined on the basis of budget adoption; the selection of management; the ability to significantly influence operations; accountability for fiscal matters; and other factors. Based on these criteria, there was one component unit, the Ambulance District, included in the County's report, which is reported within the special revenue funds and is reported as a major fund.

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

**Basis of Presentation:**

**Government-wide statements** – The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall County government, except for fiduciary activities. Both governmental activities, which are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues, and business-type activities,

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

which are financed in whole or in part by fees charged to external parties for goods or services, are included.

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

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

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

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

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

- ) Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable with a particular function.
- ) Program revenues include (1) charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported, instead, as general revenues.
- ) Indirect expenses have been allocated to the programs which best represent the nature of the expenditures as determined by management.

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

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

The County reports the following major governmental funds:

- ) General Fund: is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- ) Justice Fund: accounts for the services and equipment used to provide for the public safety of the County.
- ) Road and Bridge Fund: accounts for the design, construction and maintenance of the County roads.
- ) Airport Fund: accounts for the services and resources used to provide for the airport services of the County.
- ) Ambulance District: accounts for the revenues earned and services provided for medical care.

The County reports the following proprietary fund:

- ) 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.

Additionally, the County reports the following fiduciary fund types:

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

### **Basis of Accounting**

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

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

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

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

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

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

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

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

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

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

**Allowance for Uncollectible Amounts** – No allowance for uncollectible amounts has been deemed necessary as of September 30, 2017.

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

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

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

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

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

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

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

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

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

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

**Unavailable Tax Revenue** – Unavailable tax revenue represents the property taxes levied for 2018 that are measurable but unavailable to the County, therefore recorded as a deferred inflow of resources in both governmental fund and government-wide financial statements.

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

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

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

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

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

## **NOTE 2      Cash and Investments**

The elected State Treasurer, following Idaho Code, is authorized to sponsor an investment pool that the County voluntarily participates in. The Local Government Investment Pool was established as a cooperative endeavor to enable public entities of the state of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (State Pool) is managed by the State of Idaho Treasurer’s office. The funds of the State Pool are invested in certificates

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

of deposit, repurchase agreements, and U.S. Government securities. The certificates of deposit are federally insured. The U.S. Government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. The State Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. An annual audit of the Local Government Investment Pool is conducted by the State Legislative Auditor's Office. The Legislative Auditor of the State of Idaho has full access to the records of the State Pool.

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

Through an "Automatic Commercial Investment Sweep and Daily Repurchase Agreement" dated in December 2012 with Columbia Bank, and a "Master Repurchase Agreement" dated in June 2015 with Mountain West Bank and a "Collateralization Program" dated in August 2013 with Wells Fargo, the County invests idle cash in repurchase agreements that are not insured by the FDIC. However, the repurchase agreements are fully collateralized with an undivided, fractional interest in obligations of, or obligations that are fully guaranteed by, the United States Government, its agencies, or instrumentalities. Title to the securities is vested in the bank. The bank repurchases the undivided, fractional interest from the County on the next banking day.

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

*Concentration of Credit Risk* - The County's investment policy currently limits the balance of investments with a single issuer to 50% of the County's total funds. As of September 30, 2017, the following issuers hold more than 5% of the County's total portfolio: State of Idaho Investment Pool – 22%, Columbia Bank – 36%, Wells Fargo – 17%, Mountain West Bank - 13% and Multi-Bank Securities, Inc. - 10%.

*Custodial Credit Risk – Deposits* - This is the risk that in the event of a bank failure, the County's deposits may not be available. As of September 30, 2017, the County's deposits in FDIC insured financial institutions did not 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 \$7,903,125 that are uninsured, unregistered, and held by Columbia Bank, \$2,963,691 that are that are uninsured, unregistered, and held by Mountain West Bank and \$3,772,899 that are uninsured, unregistered, and held by Wells Fargo Bank. Columbia Bank, Mountain West Bank and Wells Fargo Bank are the counterparties for the repurchase agreements. However, the risk is mitigated, because the repurchase agreements are fully collateralized by U.S. Government

## NOTE 2 Cash and Investments (Continued)

securities, with the collateral held in trust by Federal Home Loan Bank in Columbia Bank, Mountain West, and Well Fargo Bank's name with market values of \$14,773,779 as of September 30, 2017. The Federal Home Loan Bank is an independent safekeeping agent unaffiliated with Columbia Bank, Mountain West Bank and Wells Fargo Bank.

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

<u>Investment Type</u>	<u>Under 30 Days</u>	<u>31-180 Days</u>	<u>181-365 Days</u>	<u>1 to 5 Years</u>	<u>Market Value</u>	<u>Cost</u>	<u>Percent of Total</u>
Columbia Bank							
Repurchase agreements							
Treasurer's account	6,195,689	-	-	-	6,195,689	6,195,689	26.11%
Ambulance account	1,543,363	-	-	-	1,543,363	1,543,363	6.51%
Checking accounts							
Ambulance checking	200,000	-	-	-	200,000	200,000	0.84%
General checking	140,000	-	-	-	140,000	140,000	0.59%
Sheriff detention fund	134,673	-	-	-	134,673	134,673	0.57%
Fair association	32,268	-	-	-	32,268	32,268	0.14%
Drug Restitution	12,852	-	-	-	12,852	12,852	0.05%
Prosecutor trust accounts CD	36,478	-	-	-	36,478	36,478	0.15%
Other	117,496	-	-	-	117,496	117,496	0.50%
Wells Fargo							
Money market	4,019,115	-	-	-	4,019,115	4,019,115	16.94%
Mountain West Bank							
Repurchase agreements	2,963,691	-	-	-	2,963,691	2,963,691	12.49%
Checking account	50,000	-	-	-	50,000	50,000	0.21%
Certificate of deposit	-	-	108,038	-	108,038	108,038	0.46%
Fair association	61,791	-	-	-	61,791	61,791	0.26%
Nationwide Retirement Solutions	313,723	-	-	-	313,723	313,723	1.32%
Banner Bank							
Certificate of deposit	-	-	243,376	-	243,376	243,376	1.03%
State of Idaho							
Local government							
investment pool	-	5,045,438	-	-	5,045,438	5,045,438	21.27%
Multi-Bank Securities, Inc.	-	-	-	2,448,104	2,448,104	2,496,225	10.52%
Cash on hand	9,020	-	-	-	9,020	9,020	0.04%
<b>Total Cash and investments</b>	<b>\$ 15,830,159</b>	<b>\$ 5,045,438</b>	<b>\$ 351,414</b>	<b>\$ 2,448,104</b>	<b>\$ 23,675,115</b>	<b>\$ 23,723,236</b>	<b>100.0%</b>

## NOTE 2 Cash and Investments (Continued)

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

Cash on hand	9,020
Bank deposits	749,080
Carrying value of investments	<u>22,917,015</u>
Total cash and investments	<u>\$23,675,115</u>

## NOTE 3 Property Tax

The County's property tax is levied each October on the value listed as of the prior January 1 for all real and personal property located in the County. A revaluation of all property is required to be completed no less than every five years. The market value as of January 1, 2017, upon which the 2017 levy was based, was \$5,982,856,169 for the County and Ambulance District and was \$4,622,357,654 for the Road and Bridge fund.

Various sections of the Idaho Code limit the amount that may be levied for general and other fund purposes. The 2017 levy was 0.3113148% of market value for the County, .0399257% for the Ambulance District, and 0.1221184% for the Road and Bridge fund.

Taxes are due in two equal installments on December 20th and June 20th of the next year following the levy date. Interest and penalty charges begin to accrue following the installment due date. The total 2017 tax levy was \$27,511,882, of which 97.46% was collected and \$699,494 remains unpaid as of September 30, 2017.

Property taxes levied for 2016 and prior years and uncollected as of September 30, 2017 are shown as taxes receivable. To the extent that they are not collected by the County by November 30, 2017, a deferred revenue account in that amount is established in the governmental funds.

Total taxes receivable as of September 30, 2017	1,206,369
Less: Taxes collected by November 30, 2017	(98,198)
Total deferred tax revenue	<u>\$ 1,108,171</u>

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the County has recognized the 2017 property tax levy as a receivable. This levy is an enforceable legal claim created during the fiscal year. The total property tax levy for 2017 of \$28,648,682 is considered unavailable at September 30, 2017 and is recorded as a deferred inflow of resources.

## NOTE 4 Due from Other Governments

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

## NOTE 5 Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

### Governmental activities:

	Balance September 30, 2016	Additions	Transfers/ Adjustments	Disposals	Balance September 30, 2017
Capital assets, depreciated:					
Infrastructure	460,087,061	1,235,942	1,940,550	-	463,263,553
Building and improvements	22,040,302	596,727	1,724,460	-	24,361,489
Machinery and equipment	25,197,153	2,589,495	1,608,335	(1,133,995)	28,260,988
Accumulated depreciation	(471,098,423)	(5,007,771)	(191,028)	703,434	(475,593,788)
Net capital assets, depreciated	<u>36,226,093</u>	<u>(585,607)</u>	<u>5,082,317</u>	<u>(430,561)</u>	<u>40,292,242</u>
Capital assets, not depreciated					
Land	3,685,875	664,989	(13,700)	-	4,337,164
Construction in progress	1,773,595	4,073,297	(4,781,846)	(21,425)	1,043,621
Total capital assets, not depreciated	<u>5,459,470</u>	<u>4,738,286</u>	<u>(4,795,546)</u>	<u>(21,425)</u>	<u>5,380,785</u>
Total capital assets, net	<u>\$ 41,685,563</u>	<u>\$ 4,152,679</u>	<u>\$ 286,771</u>	<u>\$ (451,986)</u>	<u>\$ 45,673,027</u>

During 2017, depreciation expense was charged to functions as follows:

General government	1,287,259
Public safety	1,016,786
Emergency medical services	118,110
Road and bridge	2,518,893
Weeds	17,375
Historical society and recreation	49,348
Total governmental activities depreciation expense	<u>\$5,007,771</u>

### Business-type activities:

	Balance September 30, 2016	Additions	Transfers/ Adjustments	Disposals	Balance September 30, 2017
Capital assets, depreciated:					
Buildings and improvements	903,926	61,656	8,041	(6,801)	966,822
Other improvements	2,534,734	8,360	826,733	(152,703)	3,217,124
Machinery and equipment	1,401,155	384,412	(142,063)	(26,570)	1,616,934
Total capital assets, depreciated	<u>4,839,815</u>	<u>454,428</u>	<u>692,711</u>	<u>(186,074)</u>	<u>5,800,880</u>

## NOTE 5 Capital Assets (Continued)

Less: accumulated depreciation					
Buildings and improvements	(444,201)	(27,268)	-	283	(471,186)
Other improvements	(1,175,816)	(215,387)	-	152,303	(1,238,900)
Machinery and equipment	<u>(1,021,380)</u>	<u>(117,694)</u>	<u>191,028</u>	<u>26,570</u>	<u>(921,476)</u>
Total accumulated depreciation	<u>(2,641,397)</u>	<u>(360,349)</u>	<u>191,028</u>	<u>179,156</u>	<u>(2,631,562)</u>
Net capital assets, depreciated	<u>2,198,418</u>	<u>94,079</u>	<u>883,739</u>	<u>(6,918)</u>	<u>3,169,318</u>
Capital assets, not depreciated					
Land	504,716	-	13,700	-	518,416
Construction in progress	<u>397,484</u>	<u>599,467</u>	<u>(834,774)</u>	<u>(1,617)</u>	<u>160,560</u>
Total capital assets, not depreciated	<u>902,200</u>	<u>599,467</u>	<u>(821,074)</u>	<u>(1,617)</u>	<u>678,976</u>
Total capital assets, net	<u>\$ 3,100,618</u>	<u>\$ 693,546</u>	<u>\$ 62,665</u>	<u>\$ (8,535)</u>	<u>\$ 3,848,294</u>

During 2017, \$360,349 depreciation expense was charged to Solid Waste.

## NOTE 6 Leases

### Operating Leases

*Ambulance District* - The County entered into an agreement to lease a building for Sandpoint EMS Station #1 which expired September 30, 2018. For the current year, the payments were \$5,531 per month. Total payments made for the year ended September 30, 2017 were \$66,376.

*Ambulance District* - The County entered into an agreement to lease a building for EMS housing in Sagle, Idaho for a period of fifteen months which expired July 31, 2017. For the current year, the payments were \$450 per month. Total payments made for the year ended September 30, 2017 were \$4,500.

*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 \$1,125 per month. Total payments made during the year ended September 30, 2017, were \$13,501.

*Waterways* - The County leases access to the Hope boat launch for sportsman access on an annual renewal expiring September 30<sup>th</sup> of each year. Total payments made for the year ended September 30, 2017, 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, 2017, were \$4,800.

## NOTE 6 Leases (Continued)

Annual required payments are as follows:

2018	86,308
2019	86,691
2020	87,077
2021	87,466
2022	<u>87,857</u>
Total	<u>\$435,399</u>

### Capital Leases

The County has entered into various leases to purchase equipment and buildings. These lease agreements qualify as capital leases for accounting purposes and are recorded in the capital assets of the County. The original cost of the leased assets is \$6,153,092. The leases are collateralized by the assets. Future minimum annual lease payments under capital leases at September 30, 2017 are as follows:

Year Ending September, 30	Road and Bridge	Bonner County Administration	Ambulance	Technology Department	Airport	Total
2018	355,217	171,989	47,590	8,148	28,059	611,003
2019	1,121,718	171,989	27,761	679	28,059	1,350,206
2020	56,718	170,436	-	-	14,032	241,186
2021	56,718	164,390	-	-	-	221,108
2022	390,072	1,081,025	-	-	-	1,471,097
Thereafter	-	-	-	-	-	-
Total minimum lease payments	<b>1,980,443</b>	<b>1,759,829</b>	<b>75,351</b>	<b>8,827</b>	<b>70,150</b>	<b>3,894,600</b>
Less: amounts representing interest	(117,407)	(280,791)	(1,554)	(141)	(3,710)	(403,603)
Present Value of minimum Lease Payments	1,863,036	1,479,038	73,797	8,686	66,440	3,490,996
Less: amounts due within one year	(307,557)	(103,157)	(46,266)	(8,009)	(25,733)	(490,722)
Amounts due after one year	<u>\$ 1,555,479</u>	<u>\$ 1,375,881</u>	<u>\$ 27,531</u>	<u>\$ 677</u>	<u>\$ 40,707</u>	<u>\$ 3,000,274</u>
Current Year Interest Payment	<u>\$ 51,202</u>	<u>\$ 73,133</u>	<u>\$ 1,388</u>	<u>\$ 360</u>	<u>\$ 1,287</u>	<u>\$ 127,370</u>
Current Year Principal Payment	<u>\$ 636,178</u>	<u>\$ 98,856</u>	<u>\$ 61,044</u>	<u>\$ 7,788</u>	<u>\$ 12,742</u>	<u>\$ 816,608</u>

## NOTE 7 Long-Term Obligations

A summary of changes in long-term liabilities of the County for the year ended September 30, 2017 is as follows:

	<b>Long-Term Liabilities September 30, 2016</b>	<b>Current Year Activity</b>	<b>Long-term Liabilities September 30, 2017</b>	<b>Due Within One Year</b>
<u>Governmental activities:</u>				
Tax anticipation note payable	1,600,000	(1,100,000)	500,000	500,000
Compensated absences	1,063,258	56,414	1,119,672	-
Total governmental activities	<u>\$ 2,663,258</u>	<u>\$ (1,043,586)</u>	<u>\$ 1,619,672</u>	<u>\$ 500,000</u>
<u>Business-type activities:</u>				
Compensated absences	36,985	11,831	48,816	-
Total business-type activities	<u>\$ 36,985</u>	<u>\$ 11,831</u>	<u>\$ 48,816</u>	<u>\$ -</u>

## NOTE 8 Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of September 30, 2017 was as follows:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	297,869	-
Justice Fund	105,334	-
Road and Bridge Fund	9,900	-
Airport Fund	187,110	-
Parks and Recreation Fund	44,448	-
Grants Fund	-	644,661
	<u>\$ 644,661</u>	<u>\$ 644,661</u>

There were no Interfund transfers for the year ended September 30, 2017.

## NOTE 9 Deferred Compensation Plan

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

## **NOTE 9      Deferred Compensation Plan (Continued)**

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

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

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

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended September 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2017. All amounts are as of June 30, 2017 unless otherwise noted.

### *Plan Description*

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

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

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

### *Pension Benefits*

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

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

### *Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of September 30, 2016 it was 6.79% (8.36%). The employer contribution rate is set by the Retirement Board and was 11.32% (11.66%) of covered compensation. Bonner County's employer contributions required and paid were \$2,142,067, \$1,971,023, and \$1,804,734, for the years ended September 30, 2017, 2016 and 2015, respectively.

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

At September 30, 2017, the County reported a liability for its proportionate share of the net pension liability as of June 30, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2017, the County's proportion was 0.5979120 percent.

## NOTE 10 Defined Benefit Pension Plan (Continued)

The County's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. The pension expense (revenue) for the year ending June 30, 2017 was calculated at \$1,518,398.

At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	1,301,940	846,694
Changes in assumptions or other inputs	173,797	-
Net difference between projected and actual earning on pension plan investments	-	563,082
Employer contributions subsequent to the measurement date	<u>494,391</u>	<u>-</u>
Total	<u>\$1,970,128</u>	<u>\$1,409,776</u>

\$494,391 reported as deferred outflow of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018.

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

<b><u>For the Year Ending June 30:</u></b>	<b><u>Amount to be Recognized</u></b>
2018	(510,916)
2019	882,960
2020	250,534
2021	(556,617)

## NOTE 10 Defined Benefit Pension Plan (Continued)

### Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	4.5 – 10.00%
Investment rate of return	7.10% net of investment expenses
Cost-of-living adjustments	1%

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

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2016.

<u>Asset Class</u>	<u>Expected Return*</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income	3.05%	3.75%	30%	23%-33%
Cash	2.25%	.90%	0%	0%-5%
<u>Total Fund</u>	<u>Expected Return*</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

## NOTE 10 Defined Benefit Pension Plan (Continued)

\*Expected arithmetic return net of feeds and expenses

Data provided by Callan Associates 2015

### **Actuarial Assumptions**

Assumed Inflation Mean	3.25%
Assumed Inflation Standard Deviation	2.00%
Portfolio Arithmetic Mean Return	8.08%
Portfolio Long-Term Expected Geometric Rate of Return	7.50%
Assumed Investment Expenses	.40%
Long-Term Expected Geometric Rate of Return, Net Investment Expenses	7.10%

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<b>1% Decrease <u>(6.10%)</u></b>	<b>Current Discount Rate <u>(7.10%)</u></b>	<b>1% Increase <u>(8.10%)</u></b>
Employer's proportionate share of the net pension liability (asset)	\$21,843,233	\$9,398,150	\$(944,045)

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

### *Pension plan fiduciary net position*

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

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

### *Payables to the pension plan*

At June 30, 2017, the County reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

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

### **Grants**

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

### **Lawsuits**

There are two types of lawsuits which the County is presently defending.

The first type involves insured claims against the County that are both defended and indemnified by the County's insurance carrier. Details involving this type of lawsuit can be obtained by contacting the County's risk manager. Prior to October 1, 2017, the County carried first-dollar insurance. After this date the County self-insured a layer of risk and retained excess loss insurance for amounts above the self-insured retention with an aggregate stop-loss.

The second type of lawsuit facing the County involves uninsured claims. Presently the County is defending itself in one significant uninsured lawsuit i.e., Silverwing at Sandpoint, LLC (Silverwing) v. Bonner County related to the access rights of a private residential housing-hanger development next to the airport. During FY2017, the District Court entered a judgment against Bonner County in the amount of \$1,014,363 (promissory estoppel claim in the amount of \$250,000.00 plus \$764,363 in attorney's fees and related costs) and the County appealed the matter to the Idaho Supreme Court. As of the date of the audit issuance, the appeal process was still ongoing and it is anticipated that the Supreme Court will set the matter for oral argument during calendar year 2018.

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

Additionally, during FY2017, Bonner County was awarded \$741,730 for attorney fees related to previously dismissed claims brought against the County by Silverwing. This amount was appealed by Silverwing and on November 24, 2017, the Ninth Circuit Court issued its formal mandate in favor of the County. As of the date of the audit issuance, the amount has not been paid to the County.

Due to the pending nature of the litigation, no liability or asset has been recorded as of September 30, 2017 for either judgment. At the conclusion of the Silverwing litigation activity the effect of the lawsuit settlements will be recorded.

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

## **NOTE 12     Risk Management**

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

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

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

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

The Travelers 2016-2017 County insurance policy provides the following coverage:

General liability limits of \$1,000,000 each occurrence and aggregate is \$2,000,000; Automobile Liability limits of \$1,000,000 each occurrence;

Law Enforcement liability limits of \$1,000,000 each wrongful act and \$1,000,000 aggregate limit subject to a \$5,000 deductible;

Public Entity Management Liability limits are \$1,000,000 each wrongful act and \$1,000,000 aggregate limit subject to \$10,000 deductible;

## **NOTE 12 Risk Management (Continued)**

Employment Related Practices Liability limits are \$1,000,000 each wrongful act and \$1,000,000 aggregate limit subject to a \$15,000 deductible;

Cyberfirst Liability limits are \$1,000,000 each wrongful act and \$1,000,000 aggregate limit subject to a \$10,000 deductible applies to each;

The Umbrella Liability limits are \$9,000,000 each occurrence and \$9,000,000 aggregate limit subject to a \$10,000 deductible;

Coverage extends over General liability, automobile, Law Enforcement Liability, Public Entity Management Liability, Employment Related Practices Liability, Cyberfirst Liability, and Employers Liability.

At September 30, 2017, the County had a variety of outstanding claims. The County risk manager and legal staff maintain the position that the County bears little or no loss liability, based upon the strength of the claims and prior experience. All claims during the three years ended September 30, 2017 were below the limits of the insurance coverage.

## **NOTE 13 Conduit Debt Obligations**

During the fiscal year ended September 30, 2001, the County issued Industrial Revenue Bonds to provide financial assistance to a private sector entity for the acquisition and construction of an industrial development facility deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private sector entity served by the bond issuance. Neither the County, state, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The outstanding balance of the bonds as of September 30, 2017, was \$70,349.

## **NOTE 14 Prior Period Adjustment**

For the fiscal year ended June 30, 2017, PERSI retroactively applied the provision of GASB 68 paragraph 54 and netted the deferred inflows and deferred outflows of resources related to the differences between expected and actual investment earnings. The County has presented these amounts in the same manner as PERSI's presentation. The change reduced the total deferred outflow and deferred inflow of resources by \$2,680,156 respectively, as of September 30, 2016. The adjustment had no effect on the beginning net position or the change in net position in the prior year. Additionally the County made an adjustment to increase the beginning net position of governmental activities and business type activities in the amount of \$286,771 and \$62,665, respectively, is necessary to recognize capital assets originally expensed in the prior period.

**NOTE 15    Performance Bonds**

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

**NOTE 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 \$178,099 in September of 2017. The estate is not yet closed and more contributions from the trust are expected. The Board of County Commissioners is grateful for Mr. Turnbull's philanthropic kindness to the traveling public of Bonner County. The County Commissioners will utilize future revenues for important County road projects, consistent with the intent of Mr. Turnbull.

**NOTE 17    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. With the exception of the matter disclosed in Note 11, the County has concluded that no material subsequent events have occurred.

## REQUIRED SUPPLEMENTARY INFORMATION



**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

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**NET PENSION LIABILITY SCHEDULES**

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

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

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

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

**NOTES TO THE NET PENSION LIABILITY SCHEDULES**  
As of June 30, 2017

Change of Assumptions. There were no changes of assumptions for the year ended June 30, 2017.

## **SUPPLEMENTARY INFORMATION**



**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
September 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets			
Cash and investments	5,477,827	80	5,477,907
Receivables, net of allowance for uncollectibles:			
Taxes	172,065	-	172,065
Unbilled taxes	4,518,872	-	4,518,872
Interest	187	-	187
Fees	962	-	962
Accounts	282,207	-	282,207
Prepaid expenses	94,973	-	94,973
Due from other governments	577,411	-	577,411
Due from other funds	44,448	-	44,448
Total assets	<u>11,168,952</u>	<u>80</u>	<u>11,169,032</u>
Deferred outflows of resources	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 11,168,952</u>	<u>\$ 80</u>	<u>\$ 11,169,032</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
Liabilities			
Warrants payable	1,773	-	1,773
Vouchers payable	672,966	-	672,966
Accrued payroll	72,470	-	72,470
Retirement payable	7,533	-	7,533
Due to other funds	644,661	-	644,661
Total liabilities	<u>1,399,403</u>	<u>-</u>	<u>1,399,403</u>
Deferred inflows of resources			
Deferred revenue	198,915	-	198,915
Unavailable tax revenue	4,518,872	-	4,518,872
Total deferred inflows of resources	<u>4,717,787</u>	<u>-</u>	<u>4,717,787</u>
Fund balance			
Nonspendable	94,973	-	94,973
Restricted for:			
General governmental	1,269,191	-	1,269,191
Public safety	1,938,919	-	1,938,919
Historical society and recreation	586,682	-	586,682
Health and welfare	816,112	-	816,112
Weeds	133,705	-	133,705
Road construction	212,180	-	212,180
Capital projects	-	80	80
Total fund balance	<u>5,051,762</u>	<u>80</u>	<u>5,051,842</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 11,168,952</u>	<u>\$ 80</u>	<u>\$ 11,169,032</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
September 30, 2017

	Elections	Drug Court	District Court	County Fair	911	Court Facilities
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Assets						
Cash and investments	309,712	16,230	1,080,243	105,049	803,346	80,970
Receivables, net of allowance for uncollectibles:						
Taxes	-	-	55,866	10,821	-	-
Unbilled taxes	-	-	1,060,207	229,945	-	-
Interest	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Accounts	-	273	3,410	-	269,079	-
Prepaid expenses	-	-	-	-	816	-
Due from other governments	-	-	37,171	-	11,585	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>309,712</u>	<u>16,503</u>	<u>2,236,897</u>	<u>345,815</u>	<u>1,084,826</u>	<u>80,970</u>
Deferred outflows of resources	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 309,712</b>	<b>\$ 16,503</b>	<b>\$ 2,236,897</b>	<b>\$ 345,815</b>	<b>\$ 1,084,826</b>	<b>\$ 80,970</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities						
Warrants payable	570	(312)	1,292	-	205	-
Vouchers payable	101	454	58,517	-	297,216	-
Accrued payroll	1,529	-	19,914	3,738	17,939	-
Retirement payable	161	-	2,094	393	1,886	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>2,361</u>	<u>142</u>	<u>81,817</u>	<u>4,131</u>	<u>317,246</u>	<u>-</u>
Deferred inflows of resources						
Deferred revenue	-	-	49,285	9,534	-	-
Unavailable tax revenue	-	-	1,060,207	229,945	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,109,492</u>	<u>239,479</u>	<u>-</u>	<u>-</u>
Fund balances						
Nonspendable	-	-	-	-	816	-
Restricted for:						
General governmental	307,351	-	-	-	-	-
Public safety	-	16,361	1,045,588	-	766,764	80,970
Historical society and recreation	-	-	-	102,205	-	-
Health and welfare	-	-	-	-	-	-
Weeds	-	-	-	-	-	-
Road construction	-	-	-	-	-	-
Total fund balances	<u>307,351</u>	<u>16,361</u>	<u>1,045,588</u>	<u>102,205</u>	<u>767,580</u>	<u>80,970</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 309,712</b>	<b>\$ 16,503</b>	<b>\$ 2,236,897</b>	<b>\$ 345,815</b>	<b>\$ 1,084,826</b>	<b>\$ 80,970</b>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
September 30, 2017

	<u>Court Interlock</u>	<u>Health District</u>	<u>Historical Society</u>	<u>Indigent and Charity</u>	<u>Junior College</u>	<u>Revaluation</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Assets						
Cash and investments	29,371	51,613	3,544	755,773	300,189	514,624
Receivables, net of allowance for uncollectibles:						
Taxes	-	9,840	817	3,588	-	52,370
Unbilled taxes	-	243,815	18,842	-	-	1,447,483
Interest	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Accounts	-	-	-	8,487	-	-
Prepaid expenses	-	-	-	-	-	-
Due from other governments	-	-	-	-	62,542	31,938
Due from other funds	-	-	-	-	-	-
Total assets	<u>29,371</u>	<u>305,268</u>	<u>23,203</u>	<u>767,848</u>	<u>362,731</u>	<u>2,046,415</u>
Deferred outflows of resources	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 29,371</u>	<u>\$ 305,268</u>	<u>\$ 23,203</u>	<u>\$ 767,848</u>	<u>\$ 362,731</u>	<u>\$ 2,046,415</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities						
Warrants payable	-	-	-	-	-	-
Vouchers payable	135	-	-	25	95,316	608
Accrued payroll	-	-	-	1,200	-	20,150
Retirement payable	-	-	-	126	-	2,119
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>135</u>	<u>-</u>	<u>-</u>	<u>1,351</u>	<u>95,316</u>	<u>22,877</u>
Deferred inflows of resources						
Deferred revenue	-	8,662	720	3,176	-	46,136
Unavailable tax revenue	-	243,815	18,842	-	-	1,447,483
Total deferred inflows of resources	<u>-</u>	<u>252,477</u>	<u>19,562</u>	<u>3,176</u>	<u>-</u>	<u>1,493,619</u>
Fund balance						
Nonspendable	-	-	-	-	-	-
Restricted for:						
General government	-	-	-	-	267,415	529,919
Public safety	29,236	-	-	-	-	-
Historical society and recreation	-	-	3,641	-	-	-
Health and welfare	-	52,791	-	763,321	-	-
Weeds	-	-	-	-	-	-
Road construction	-	-	-	-	-	-
Total fund balance	<u>29,236</u>	<u>52,791</u>	<u>3,641</u>	<u>763,321</u>	<u>267,415</u>	<u>529,919</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 29,371</u>	<u>\$ 305,268</u>	<u>\$ 23,203</u>	<u>\$ 767,848</u>	<u>\$ 362,731</u>	<u>\$ 2,046,415</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
September 30, 2017

	<u>Tort</u>	<u>Weeds</u>	<u>Parks and Recreation</u>	<u>Special Highway</u>	<u>Snowmobile - Priest Lake</u>	<u>Snowmobile- Sandpoint</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Assets						
Cash and investments	149,332	134,557	48,089	213,006	50,147	101,764
Receivables, net of allowance for uncollectibles:						
Taxes	25,733	7,356	5,655	-	-	-
Unbilled taxes	1,364,700	32,947	120,933	-	-	-
Interest	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Accounts	-	101	984	-	-	-
Prepaid expenses	91,007	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	44,448	-	-	-
Total assets	<u>1,630,772</u>	<u>174,961</u>	<u>220,109</u>	<u>213,006</u>	<u>50,147</u>	<u>101,764</u>
Deferred outflows of resources	-	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,630,772</u>	<u>\$ 174,961</u>	<u>\$ 220,109</u>	<u>\$ 213,006</u>	<u>\$ 50,147</u>	<u>\$ 101,764</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</b>						
<b>AND FUND BALANCES</b>						
Liabilities						
Warrants payable	-	-	-	-	-	-
Vouchers payable	4,132	688	319	-	(68)	518
Accrued payroll	-	994	2,900	826	-	-
Retirement payable	-	104	305	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>4,132</u>	<u>1,786</u>	<u>3,524</u>	<u>826</u>	<u>(68)</u>	<u>518</u>
Deferred inflows of resources						
Deferred revenue	22,428	6,523	5,008	-	-	-
Unavailable tax revenue	1,364,700	32,947	120,933	-	-	-
Total deferred inflows of resources	<u>1,387,128</u>	<u>39,470</u>	<u>125,941</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance						
Nonspendable	91,007	-	-	-	-	-
Restricted for:						
General governmental	148,505	-	-	-	-	-
Public safety	-	-	-	-	-	-
Historical society and recreation	-	-	90,644	-	50,215	101,246
Health and welfare	-	-	-	-	-	-
Weeds	-	133,705	-	-	-	-
Road construction	-	-	-	212,180	-	-
Total fund balance	<u>239,512</u>	<u>133,705</u>	<u>90,644</u>	<u>212,180</u>	<u>50,215</u>	<u>101,246</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 1,630,772</u>	<u>\$ 174,961</u>	<u>\$ 220,109</u>	<u>\$ 213,006</u>	<u>\$ 50,147</u>	<u>\$ 101,764</u>
<b>AND FUND BALANCE</b>	<u>\$ 1,630,772</u>	<u>\$ 174,961</u>	<u>\$ 220,109</u>	<u>\$ 213,006</u>	<u>\$ 50,147</u>	<u>\$ 101,764</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
September 30, 2017

	<u>Waterways</u>	<u>Grants</u>	<u>Drainage District</u>	<u>Translator District</u>	<u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Assets					
Cash and investments	234,425	470,545	12,804	12,494	5,477,827
Receivables, net of allowance for uncollectibles:					
Taxes	-	-	7	12	172,065
Unbilled taxes	-	-	-	-	4,518,872
Interest	-	187	-	-	187
Fees	-	-	343	619	962
Accounts	-	(127)	-	-	282,207
Prepaid expenses	650	2,500	-	-	94,973
Due from other governments	5,586	428,589	-	-	577,411
Due from other funds	-	-	-	-	44,448
Total assets	<u>240,661</u>	<u>901,694</u>	<u>13,154</u>	<u>13,125</u>	<u>11,168,952</u>
Deferred outflows of resources	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 240,661</u></b>	<b><u>\$ 901,694</u></b>	<b><u>\$ 13,154</u></b>	<b><u>\$ 13,125</u></b>	<b><u>\$ 11,168,952</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Warrants payable	-	18	-	-	1,773
Vouchers payable	1,911	200,600	-	12,494	672,966
Accrued payroll	-	3,280	-	-	72,470
Retirement payable	-	345	-	-	7,533
Due to other funds	-	644,661	-	-	644,661
Total liabilities	<u>1,911</u>	<u>848,904</u>	<u>-</u>	<u>12,494</u>	<u>1,399,403</u>
Deferred inflows of resources					
Deferred revenue	-	47,443	-	-	198,915
Unavailable tax revenue	-	-	-	-	4,518,872
Total deferred inflows of resources	<u>-</u>	<u>47,443</u>	<u>-</u>	<u>-</u>	<u>4,717,787</u>
Fund balance					
Nonspendable	650	2,500	-	-	94,973
Restricted for:					
General governmental	-	2,847	13,154	-	1,269,191
Public safety	-	-	-	-	1,938,919
Historical society and recreation	238,100	-	-	631	586,682
Health and welfare	-	-	-	-	816,112
Weeds	-	-	-	-	133,705
Road construction	-	-	-	-	212,180
Total fund balance	<u>238,750</u>	<u>5,347</u>	<u>13,154</u>	<u>631</u>	<u>5,051,762</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b><u>\$ 240,661</u></b>	<b><u>\$ 901,694</u></b>	<b><u>\$ 13,154</u></b>	<b><u>\$ 13,125</u></b>	<b><u>\$ 11,168,952</u></b>

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

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**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Year Ended September 30, 2017**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>			
Taxes	3,924,594	-	3,924,594
Licenses and permits	215,900	-	215,900
Intergovernmental	2,333,616	-	2,333,616
Charges for services	1,762,581	-	1,762,581
Fines	157,856	-	157,856
Interest income	682	-	682
Miscellaneous	532,949	-	532,949
Total revenues	<u>8,928,178</u>	<u>-</u>	<u>8,928,178</u>
<b>Expenditures</b>			
General governmental	2,872,380	-	2,872,380
Public safety	3,568,415	-	3,568,415
Road and bridge	431,811	-	431,811
Weeds	130,597	-	130,597
Health	254,191	-	254,191
Welfare	155,544	-	155,544
Junior college	221,701	-	221,701
Historical society and recreation	615,992	-	615,992
Capital outlay	1,404,474	-	1,404,474
Total expenditures	<u>9,655,105</u>	<u>-</u>	<u>9,655,105</u>
Net change in fund balance	(726,927)	-	(726,927)
Fund balances, beginning of year	<u>5,778,689</u>	<u>80</u>	<u>5,778,769</u>
Fund balances, end of year	<u>\$ 5,051,762</u>	<u>\$ 80</u>	<u>\$ 5,051,842</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Year Ended September 30, 2017

	<u>Elections</u>	<u>Drug Court</u>	<u>District Court</u>	<u>County Fair</u>	<u>911</u>	<u>Court Facilities</u>
<b>Revenues</b>						
Taxes	-	-	1,225,903	252,720	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	335,477	-	182,412	2,381	-	-
Charges for services	-	13,279	84,745	-	1,635,046	14,620
Fines	-	-	157,856	-	-	-
Interest income	-	-	-	-	682	-
Miscellaneous	4	13,072	124,327	-	209,009	-
Total revenues	<u>335,481</u>	<u>26,351</u>	<u>1,775,243</u>	<u>255,101</u>	<u>1,844,737</u>	<u>14,620</u>
<b>Expenditures</b>						
General governmental	297,238	-	-	-	-	-
Public safety	-	22,982	1,762,555	-	1,469,313	-
Road and bridge	-	-	-	-	-	-
Weeds	-	-	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Junior college	-	-	-	-	-	-
Historical society and recreation	-	-	-	264,108	-	-
Capital outlay	13,675	-	51,620	-	421,717	-
Total expenditures	<u>310,913</u>	<u>22,982</u>	<u>1,814,175</u>	<u>264,108</u>	<u>1,891,030</u>	<u>-</u>
Net change in fund balance	24,568	3,369	(38,932)	(9,007)	(46,293)	14,620
Fund balances, beginning of year	<u>282,783</u>	<u>12,992</u>	<u>1,084,520</u>	<u>111,212</u>	<u>813,873</u>	<u>66,350</u>
Fund balances, end of year	<u>\$ 307,351</u>	<u>\$ 16,361</u>	<u>\$ 1,045,588</u>	<u>\$ 102,205</u>	<u>\$ 767,580</u>	<u>\$ 80,970</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
For the Year Ended September 30, 2017

	<u>Court Interlock</u>	<u>Health District</u>	<u>Historical Society</u>	<u>Indigent &amp; Charity</u>	<u>Junior College</u>	<u>Revaluation</u>
<b>Revenues</b>						
Taxes	-	212,445	18,624	9,807	-	1,172,542
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	1,979	175	-	345,117	124,363
Charges for services	-	-	-	-	-	20
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	4,335	-	-	43,905	-	319
Total revenues	<u>4,335</u>	<u>214,424</u>	<u>18,799</u>	<u>53,712</u>	<u>345,117</u>	<u>1,297,244</u>
<b>Expenditures</b>						
General governmental	-	-	-	-	-	1,454,490
Public safety	3,900	-	-	-	-	-
Road and bridge	-	-	-	-	-	-
Weeds	-	-	-	-	-	-
Health	-	254,191	-	-	-	-
Welfare	-	-	-	155,544	-	-
Junior college	-	-	-	-	221,701	-
Historical society and recreation	-	-	18,599	-	-	-
Capital outlay	-	-	-	2,702	-	6,119
Total expenditures	<u>3,900</u>	<u>254,191</u>	<u>18,599</u>	<u>158,246</u>	<u>221,701</u>	<u>1,460,609</u>
Net change in fund balance	435	(39,767)	200	(104,534)	123,416	(163,365)
Fund balances, beginning of year	<u>28,801</u>	<u>92,558</u>	<u>3,441</u>	<u>867,855</u>	<u>143,999</u>	<u>693,284</u>
Fund balances, end of year	<u>\$ 29,236</u>	<u>\$ 52,791</u>	<u>\$ 3,641</u>	<u>\$ 763,321</u>	<u>\$ 267,415</u>	<u>\$ 529,919</u>

**BONNER COUNTY, IDAHO**  
Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
For the Year Ended September 30, 2017

	<u>Tort</u>	<u>Weeds</u>	<u>Parks and Recreation</u>	<u>Special Highway</u>	<u>Snowmobile - Priest Lake</u>	<u>Snowmobile- Sandpoint</u>
<b>Revenues</b>						
Taxes	684,713	184,055	127,920	-	-	-
Licenses and permits	-	-	-	-	27,791	18,289
Intergovernmental	6,422	1,740	1,207	225,000	-	-
Charges for services	-	-	14,871	-	-	-
Fines	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Miscellaneous	22,013	236	6,554	100,000	-	-
Total revenues	<u>713,148</u>	<u>186,031</u>	<u>150,552</u>	<u>325,000</u>	<u>27,791</u>	<u>18,289</u>
<b>Expenditures</b>						
General governmental	1,119,509	-	-	-	-	-
Public safety	-	-	-	-	-	-
Road and bridge	-	-	-	431,811	-	-
Weeds	-	130,597	-	-	-	-
Health	-	-	-	-	-	-
Welfare	-	-	-	-	-	-
Junior college	-	-	-	-	-	-
Historical society and recreation	-	-	122,567	-	9,031	45,818
Capital outlay	-	20,623	4,286	6,704	26,805	-
Total expenditures	<u>1,119,509</u>	<u>151,220</u>	<u>126,853</u>	<u>438,515</u>	<u>35,836</u>	<u>45,818</u>
Net change in fund balance	(406,361)	34,811	23,699	(113,515)	(8,045)	(27,529)
Fund balances, beginning of year	<u>645,873</u>	<u>98,894</u>	<u>66,945</u>	<u>325,695</u>	<u>58,260</u>	<u>128,775</u>
Fund balances, end of year	<u>\$ 239,512</u>	<u>\$ 133,705</u>	<u>\$ 90,644</u>	<u>\$ 212,180</u>	<u>\$ 50,215</u>	<u>\$ 101,246</u>

**BONNER COUNTY, IDAHO**

Sandpoint, Idaho

**NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
For the Year Ended September 30, 2017**

	<u>Waterways</u>	<u>Grants</u>	<u>Drainage District</u>	<u>Translator District</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	-	-	3,634	32,231	3,924,594
Licenses and permits	169,820	-	-	-	215,900
Intergovernmental	-	1,107,343	-	-	2,333,616
Charges for services	-	-	-	-	1,762,581
Fines	-	-	-	-	157,856
Interest income	-	-	-	-	682
Miscellaneous	8,675	500	-	-	532,949
Total revenues	<u>178,495</u>	<u>1,107,843</u>	<u>3,634</u>	<u>32,231</u>	<u>8,928,178</u>
<b>Expenditures</b>					
General governmental	-	-	1,143	-	2,872,380
Public safety	-	309,665	-	-	3,568,415
Road and bridge	-	-	-	-	431,811
Weeds	-	-	-	-	130,597
Health	-	-	-	-	254,191
Welfare	-	-	-	-	155,544
Junior college	-	-	-	-	221,701
Historical society and recreation	122,736	-	-	33,133	615,992
Capital outlay	42,359	807,864	-	-	1,404,474
Total expenditures	<u>165,095</u>	<u>1,117,529</u>	<u>1,143</u>	<u>33,133</u>	<u>9,655,105</u>
Net change in fund balance	13,400	(9,686)	2,491	(902)	(726,927)
Fund balances, beginning of year	<u>225,350</u>	<u>15,033</u>	<u>10,663</u>	<u>1,533</u>	<u>5,778,689</u>
Fund balances (deficit), end of year	<u>\$ 238,750</u>	<u>\$ 5,347</u>	<u>\$ 13,154</u>	<u>\$ 631</u>	<u>\$ 5,051,762</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, 2017

	<u>Budgeted Revenue</u>	<u>Actual Revenue</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>
Elections	332,305	335,481	332,305	310,913	282,783	307,351
Drug Court	22,000	26,351	23,800	22,982	12,992	16,361
District Court	525,299	1,775,243	2,185,171	1,814,175	1,084,520	1,045,588
County Fair	165,540	255,101	428,606	264,108	111,212	102,205
911	2,120,708	1,844,737	2,400,708	1,891,030	813,873	767,580
Court Facilities Trust	13,000	14,620	17,000	-	66,350	80,970
Court Interlock Device	5,400	4,335	5,400	3,900	28,801	29,236
Health District	17,497	214,424	254,192	254,191	92,558	52,791
Historical Society	325	18,799	18,600	18,599	3,441	3,641
Indigent & Charity	67,511	53,712	423,108	158,246	867,855	763,321
Junior College	292,000	345,117	292,000	221,701	143,999	267,415
Revaluation	122,798	1,297,244	1,567,855	1,460,609	693,284	529,919
Tort	15,233	713,148	1,190,090	1,119,509	645,873	239,512
Weeds	5,600	186,031	187,431	151,220	98,894	133,705
Parks and Recreation	8,842	150,552	164,938	126,853	66,945	90,644
Special Highway	550,000	325,000	550,000	438,515	325,695	212,180
Snowmobile - Priest Lake	28,134	27,791	38,538	35,836	58,260	50,215
Snowmobile - Sandpoint	17,596	18,289	64,043	45,818	128,775	101,246
Waterways	165,000	178,495	208,720	165,095	225,350	238,750
Grants	6,000,000	1,107,843	6,000,000	1,117,529	15,033	5,347
Drainage District	-	3,634	-	1,143	10,663	13,154
Translator District	-	32,231	-	33,133	1,533	631
Total	<u>\$ 10,474,788</u>	<u>\$ 8,928,178</u>	<u>\$ 16,352,505</u>	<u>\$ 9,655,105</u>	<u>\$ 5,778,689</u>	<u>\$ 5,051,762</u>

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

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**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES**  
**For the Year Ended September 30, 2016**

**Finding 2016-001**      **Internal Control over Compliance**

**Condition:**            The County internal controls over compliance are inadequate to insure the Schedule of Expenditures of Federal Awards is accurately prepared, placing the County at risk of incomplete and inaccurate reporting to the federal government.

**Questioned Costs:**    None

**Status:**                This finding has been resolved.