

BOUNDARY COUNTY, IDAHO
Bonnors Ferry, Idaho

**Financial Statements and
Independent Auditor's Report**

September 30, 2020

BOUNDARY COUNTY

BONNERS FERRY, IDAHO

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Boundary County
Bonners Ferry, Idaho 83805

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Boundary County, Idaho, (the County), and the discretely presented Ambulance District component unit of Boundary County, Idaho as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit 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. Those standards require that I 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 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 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, I 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.

I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, the aggregate remaining fund information of Boundary County, Idaho and the discretely presented component unit as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of employer's share of net pension liability and the schedule of employer contributions listed in the table of contents 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 my opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 21, 2021 on my consideration of Boundary County, Idaho's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boundary County, Idaho's 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 Boundary County's internal control over financial reporting and compliance.

January 21, 2021

Leonard S. Schulte

Leonard Schulte
Bonners Ferry, Idaho

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Boundary County, we offer readers of our financial statements this narrative overview and analysis of the financial activities of Boundary County for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the accompanying notes, which are a part of this financial report.

Comparative analysis will be done on key elements of governmental funds and enterprise funds in this MD&A.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 11 & 12) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Statement of Net Position and the Statement of Activities

The *statement of net position* presents information on all county governmental and business-type assets and liabilities, with the difference reported as net position.

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

Overview of Boundary County's Financial Statements

This discussion and analysis is intended to serve as an introduction to Boundary 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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. These statements are designed to provide readers with a broad overview of Boundary County's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish between functions of the County that are principally supported by taxes and intergovernmental revenues (Governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government and administration, public safety, streets, sanitation, health and welfare, parks and recreation, and education. The business-type activities are the Restorium. The government-wide financial statement can be found on pages 11 & 12 of this report.

The government-wide financial statement contains information relative to the primary government of Boundary County with the Boundary County Ambulance District as a discretely presented component. None of the approximately 20 other taxing districts operating within its boundaries meet the standards for inclusion. They are public entities unto themselves.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Boundary County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Boundary County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and a change in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains over 25 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Road and Bridge Fund, Solid Waste, and Justice Fund, all of which are considered to be major funds. Data from the other funds are combined and identified as other non-major funds elsewhere in this report. The basic governmental funds financial statements can be found on pages 13 and 15.

Proprietary Funds – The County maintains one proprietary fund. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses proprietary funds to account for its Restorium operations.

Fiduciary Funds - are those dollars that we hold in trust for other agencies and taxing districts. We exclude these activities from the county's other activities because the county cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to Financial Statements. For an overview of Boundary County and its operations, one should refer to the *Notes*, which are an integral part of this report. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-38.

Other Information. In addition to the basic financial statements, this report also presents certain *required supplementary information* concerning Boundary County's actual results as compared to budget. This information can be found starting on page 39.

Governmental-wide Financial Analysis

Net position (formerly net assets) may serve over time as a useful indicator of a government's financial position. At the end of the current fiscal year, Boundary County has positive balances in all categories of net position for the governmental activities and business-type activities in government-wide statements, as well as positive total fund balance in each of the major governmental fund types. This same situation held true for the prior fiscal year.

Condensed statement of net position, with comparison to prior year:

Net Position	9/30/2019		9/30/2020	
	Governmental Activities	Enterprise Activities	Governmental Activities	Enterprise Activities
Current and other assets	\$9,924,816	\$406,232	\$10,098,854	\$376,431
Assets whose use is limited	1,128,689		1,200,807	
Capital assets	9,032,482	383,790	9,214,771	371,298
Total Assets	20,085,987	790,022	20,514,432	747,729
Deferred outflow of resources	320,256	47,282	726,171	101,267
Current liabilities	414,539	22,132	324,213	19,169
Long-term liabilities	3,105,462	197,846	4,540,307	394,951
Total Liabilities	3,520,001	219,978	4,864,520	414,120
Deferred inflows of resources	614,459	90,718	98,887	12,896
Net Assets:				
Invested in capital assets, net of related debt	8,684,289	383,790	8,985,355	371,298
Restricted	1,128,689		1,200,807	
Unrestricted	6,458,805	142,818	6,091,034	50,682
Total Net Position	\$16,271,783	\$526,608	\$16,277,196	\$421,980

Governmental Activities

Total net position of the Governmental Activities of Boundary County is \$16,277,196 at September 30, 2020. Of this amount, \$8,985,355 is classified as investment in capital assets and \$1,200,807 is restricted for future land-fill closure costs. The remaining amount of \$6,091,034 is unrestricted. Total net position for the prior year was \$16,271,783 and the unrestricted amount was \$6,458,805.

Enterprise Activities

Net position at September 30, 2020 of the Business-type (Enterprise) Activities is \$421,980, of which \$371,298 is invested in capital assets and \$50,682 is unrestricted. Net position for the prior year was \$526,608, with the unrestricted balance of \$142,818.

Changes in Net Position

	9/30/2019		9/30/2020	
	Governmental Activities	Enterprise Activities	Governmental Activities	Enterprise Activities
Program Revenues:				
Charges for Services	\$2,817,262	\$1,123,609	\$2,717,720	\$1,159,953
Grants & Contributions	3,797,194		3,698,721	
General Revenues:				
Property taxes levied for General Purposes	5,482,879	154,720	5,213,718	206,939
Intergovernmental - Not Restricted	1,782,084	3,654	1,976,624	3,624
Interest and Investment Earnings	264,203		192,033	
Other	97,053	32,000	27,408	
Total Revenues	14,240,675	1,313,983	13,826,224	1,370,516
Program Expenses:				
General government	3,092,914		3,690,512	
Public safety	4,480,920		5,006,070	
Streets	4,550,112		3,391,583	
Sanitation	1,041,394		947,292	
Health & welfare	776,913		427,314	
Recreation	274,639		327,290	
Education	72,782		20,948	
Interest on long-term debt	13,032		9,802	
Community restorium		1,317,265		1,475,144
Total Expenses	14,302,706	1,317,265	13,820,811	1,475,144
Change in Net Position	(\$62,031)	(\$3,282)	\$5,413	(\$104,628)

Governmental Type Activities

Governmental Activities net position increased by \$5,413. Total revenues were \$13,826,224 and expenditures were \$13,820,811.

Business-type (Enterprise) Activities

Net Position of Business-type activities decreased by \$104,628. The change is attributable to the occupancy levels. The property taxes for the operations of the Restorium increased by \$52,219 and operating expenses for materials, supplies, food, and labor at the Restorium have increased by \$157,879. A major contributor to this fund is a result of effects of COVID-19.

Financial Analysis of the Government's Funds

As noted earlier, Boundary County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Boundary County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Boundary County's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Boundary County's governmental funds reported combined ending fund balance of \$10,841,887. The amount restricted to pay for future landfill closure and post-closure care costs is \$1,200,807. The fund balances accumulated in the special revenue funds of the County is considered assigned to the purpose for which the special revenue fund was created and is in the amount of \$6,235,618. The remaining amount of \$3,405,462 represents the unassigned fund balance. Unassigned fund balance is the residual classification in the County's general fund.

The Current Expense Fund (General Fund) is the chief operating fund of Boundary County. The unassigned fund balance of the Current Expense Fund was \$3,405,462 at the end of the fiscal year. As a measure of the Current Expense Fund's liquidity, it may be useful to compare this unassigned fund balance to total fund expenditures. Unassigned fund balance represents 97% of the total Current Expense Fund.

The fund balance of the Current Expense Fund decreased \$389,854 during the current fiscal year. This decrease in fund balance was due to the expenditure for capital assets. Revenues increased by 4% from previous year and expenditures increased by 19% compared to the previous year.

The Road and Bridge Fund, a major fund of the County, had a fund balance of \$2,262,084 at the end of the current fiscal year. This is an increase of \$327,561 from the last fiscal year primarily due to the timing of road projects and the receipt of SRS Funding.

The Justice Fund, another major fund of the County, had a fund balance of \$1,808,935 at the end of the current fiscal year. This is an increase of \$264,182 from last fiscal year. This is due to saving towards jail renovations projects and public safety projects being funds through grants.

The Solid Waste Fund is a major fund of the County and had an assigned fund balance of \$512,454 and restricted fund balance of \$1,200,807. Assigned fund balance increased \$231,761 and the restricted fund balance increased \$72,118. The increase in restricted fund balance is part of the County's funding plan to provide resources for the future estimated cost of landfill closure and post-closure care. The county is currently reviewing our future plan for solid waste disposal options, scales have been purchased to accurately record actual weighted volumes into the landfill.

Other non-major funds of the County had a fund balance at the end of the current fiscal year of \$1,694,211. This is an increase of \$320,673 from the previous year. This increase is a direct result of budgeted expenditures.

Capital Assets

At September 30, 2020, the County had \$9,214,771 invested in net capital assets for its governmental funds and \$371,298 in business-type activity funds. This investment includes land, buildings, building contents, park facilities, road and bridge equipment, sheriff and jail equipment, airports, and mobile equipment. Additional information on capital assets can be found in Note 3 on page 29 of this report.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>
Land	\$1,955,873	1,955,873	\$98,012	98,012	\$2,053,885	2,053,885
Buildings & Improvements	11,877,243	12,432,712	828,822	828,822	12,706,065	13,261,534
Assets not Depreciated	152,822	152,822	0		152,822	152,822
Machinery & Equip.	7,772,316	8,319,608	277,310	281,430	8,049,626	8,601,038
Total	\$21,758,254	22,861,015	\$1,204,144	1,208,264	\$22,962,398	24,069,279
Accum. Depreciation:	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>
Buildings & Improvements	\$6,110,369	6,593,927	\$606,983	616,741	\$6,717,352	7,210,668
Machinery & Equip.	6,615,403	7,052,317	213,371	220,226	6,828,774	7,272,543
Total	\$12,725,772	13,646,224	\$820,354	836,967	\$13,546,126	14,483,191

Capital Lease Obligations and Landfill Closure Long-Term Debt

Long-term liabilities for capital lease obligations and the estimated cost of landfill closure and post-closure care costs are detailed below. As of September 30, 2020, capital lease obligations were \$225,796, a decrease of \$116,943 to the prior year. The current maturities on capital lease obligations is \$82,547 compared to the prior current payable of \$130,313. An additional amount of \$143,249 is payable after one year. The net decrease of \$116,943 is the result of principal retired on existing debt. All lease obligations contain a non-appropriation clause. In addition, the estimated future liability for landfill closure and post-closure care costs at year-end was \$1,401,717, an increase of \$30,877 from the previous year. See Notes 15 to the financial statements on page 37.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2020</u>
Capital Leases	\$342,739	225,796	\$0	\$0	\$342,739	225,796
Landfill Closure	1,370,840	1,401,717			1,370,840	1,401,717
Total	<u>\$1,713,579</u>	<u>1,627,513</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,713,579</u>	<u>1,627,513</u>

Budget Variations

Formal budget integration is employed as a management control device for the General Fund and Special Revenue Funds. Budgets for the General and Special Funds are adopted on a basis consistent with generally accepted accounting principles. The budget was amended various times in the year to reflect the receipt of unanticipated revenue.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
Revenue						
Current Exp	2,129,619	2,356,377	226,758	2,174,619	2,718,130	543,511
Road & Bridge	7,087,204	4,044,937	(3,042,267)	2,351,970	3,228,472	876,502
Justice Fund	3,200,198	3,685,279	485,081	3,175,043	3,336,351	161,308
Solid Waste	982,620	1,088,998	106,378	1,108,692	1,213,610	104,918
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>2018</u>	<u>2018</u>	<u>2018</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
Expenditures						
Current Exp	5,536,773	2,557,262	2,979,511	5,354,107	3,107,984	2,246,123
Road & Bridge	9,001,861	4,228,178	4,773,683	3,547,720	2,872,882	674,838
Justice Fund	4,108,260	3,200,113	908,147	4,476,602	3,600,533	876,069
Solid Waste	1,050,470	987,790	62,680	1,118,150	909,731	208,419

Activity in our four major funds provided these ending results:

Current Expense Fund: The County budgeted to receive \$2,174,619 in various forms of revenue during the year. Actual revenues exceeded budget by \$543,511 with the major positive variance being in the fees charged for services in vehicle inspections, sales tax, PILT, grants and passports. Budgeted expenditures were in the amount of \$5,354,107 and actual expenditures were under that amount by \$3,107,984. The savings were due to decreases in general expenditures, and delayed or canceled capital improvements,

Road & Bridge Fund: The County budgeted revenue of \$2,351,970 to fund operations during this fiscal year. Actual revenue was \$3,228,472. The County budgeted to expend \$3,547,720 in the Road & Bridge fund. Actual expenditures were \$3,336,351. Expenditures were under budget as a result of projects that were anticipated but were delayed until future years. Revenues increased due to receipt of SRS funds from the federal program.

Justice Fund: Revenues were over budget projections by \$161,308. This is a result of an increase in our sales tax, revenue sharing, PILT and fees charged. For the year ending September 30, 2020, the County anticipated spending \$4,476,602 in efforts to provide public safety. Actual expenditures were under budget in the amount of \$3,600,533. Most of the unused budget authority was in the form of salaries and benefits, outside housing costs, medical care and capital projects.

Solid Waste: The actual revenue for services and recycled materials were over budget projections by \$104,918. The County budgeted expenditures of \$1,118,150, with actual expenditures of \$909,731. The positive variance of \$208,419 was due to cost savings in wages, benefits, capital items and other expenditures.

Financial Highlights and Other Factors Affecting Future Operations:

Boundary County was created by the Idaho Legislature on January 23, 1915. It is so named because it borders Canada and is the only county in Idaho with an international border.

County Operations

- Boundary County has been awarded grants to purchase property for the approach to the airport's runway.
- Boundary County received funding through Homeland Security to obtain the necessary equipment and supplies should there be an attack on our County's soil.
- Boundary County has purchased additional facilities to house the operations of our sheriff department and probation offices. This will enable us to provide better physical facilities to those offices while allowing the drivers license and staffing at the sheriff office to expand.
- Boundary County is allocating monies each year for the future anticipated needs of the solid wastes within the county. At September 30, 2020, the fund held cash in the amount of \$1,200,807 to fund a landfill closure trust account.
- Boundary County is requesting that all citizens recycle.
- Boundary County received state funds for the protection of wild land fire mitigation.
- Boundary County received HAVA Grant funds to improve access to public places of voting.
- Boundary County approved an emergency communication fee for an emergency telephone system commonly known as 911. Along with the continuance of updating road names and address this will enhance emergency services to Boundary County.
- Boundary County was awarded a grant for improved boat launch sites along the Kootenai River.
- Boundary County continues to be awarded a grant for the staff person for the Economic Development Council.
- Boundary County continues to improve our elder care home, the Restorium facility can house up to 40 residents.
- Boundary County established an Ambulance Service District for the county during 2012.
- Boundary County offers many programs to the residents Extension Services offered through the University of Idaho, 4-H programs, Cooperative Weed Control, NACo Prescription Drug Discount Card Program, Court Assistance, Boating Safety Programs, Fire Mitigation, Parks and Recreation programs, just to mention a few.
- Boundary County is conducting a feasibility study for a sewer to service the 3 mile area of the county.

Requests for Information

This financial report is designed to provide a general overview of Boundary 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:

**Glenda Poston
Boundary County Clerk
Boundary County Courthouse
6452 Kootenai Street
P.O. Box 419
Bonners Ferry, Idaho 83805**

BASIC FINANCIAL STATEMENTS

BOUNDARY COUNTY, IDAHO
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2020

	Primary Government		Total	Component Unit Boundary Ambulance District
	Governmental Activities	Business-type Activities		
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 9,834,516	\$ 349,712	\$ 10,184,228	\$ 148,201
Receivables, net of uncollectible	-	19,388	19,388	
Property taxes receivable, net	264,338	7,331	271,669	
Total Current Assets	10,098,854	376,431	10,475,285	148,201
Non-current Assets				
Capital assets, net of depreciation	7,106,076	273,286	7,379,362	-
Capital assets not being depreciated	2,108,695	98,012	2,206,707	-
Total Non-current Assets	9,214,771	371,298	9,586,069	-
Other Assets				
Assets whose use is limited	1,200,807	-	1,200,807	-
Total Other Assets	1,200,807	-	1,200,807	-
TOTAL ASSETS	20,514,432	747,729	21,262,161	148,201
Deferred Outflows of Resources	726,171	101,267	827,438	-
LIABILITIES				
Current Liabilities				
Accounts payable	73,238	3,473	76,711	-
Compensated absences	164,808	15,696	180,504	-
Accrued Interest	3,620	-	3,620	-
Current maturities, long-term debt	82,547	-	82,547	-
Total Current Liabilities	324,213	19,169	343,382	-
Non-current Liabilities				
Long-term debt, less current maturities	143,249	-	143,249	-
Net pension liability	2,812,575	394,951	3,207,526	-
Other post-employment benefits	182,766	-	182,766	-
Estimated landfill closure and post-closure care costs	1,401,717	-	1,401,717	-
Total Non-current Liabilities	4,540,307	394,951	4,935,258	-
TOTAL LIABILITIES	4,864,520	414,120	5,278,640	-
Deferred Inflows of Resources	98,887	12,896	111,783	-
NET POSITION				
Invested in capital assets, net of related debt	8,985,355	371,298	9,356,653	-
Restricted for landfill closure	1,200,807	-	1,200,807	-
Unrestricted	6,091,034	50,682	6,141,716	148,201
TOTAL NET POSITION	\$ 16,277,196	\$ 421,980	\$ 16,699,176	\$ 148,201

The accompanying notes are an integral part of this statement.

BOUNDARY COUNTY, IDAHO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the year ended September 30, 2020

Functions / Programs	Expenses	Program Revenues			Total	Component Unit Ambulance District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental Activities:						
General Government	\$ 3,690,512	\$ 274,656	\$ 348,243	\$ 454,995	\$ (2,612,618)	
Public Safety	5,006,070	315,518	589,434	56,545	(4,044,573)	
Roads & Bridges	3,391,583	1,190,319	2,159,068	-	(42,196)	
Sanitation	947,292	918,589	-	-	(28,703)	
Health & Welfare	427,314	-	-	-	(427,314)	
Recreation & Parks	327,290	18,638	20,436	-	(288,216)	
Education	20,948	-	70,000	-	49,052	
Interest on long-term debt	9,802	-	-	-	(9,802)	
Total Governmental Activities	13,820,811	2,717,720	3,187,181	511,540	(7,404,370)	
Business-type activities:						
Community Restorium	1,475,144	1,159,953	-	-	(315,191)	
Total primary government	\$ 15,295,955	\$ 3,877,673	\$ 3,187,181	\$ 511,540	(7,404,370)	
Component Unit:						
Boundary Ambulance District	\$ 413,174	\$ -	\$ -	\$ -	\$ (413,174)	
General Revenues:						
Taxes:						
Property taxes levied for general purposes				5,213,718		
Sales tax				924,086		
Intergovernmental - not restricted				1,052,538		
Interest and Investment earnings				192,033		
Other				27,408		
Total General Revenues				7,409,783		
Change in net position				5,413		
Net Position - Beginning				16,271,783		
Net Position - Ending				\$ 16,277,196		
				\$ 421,980		
				\$ 16,699,176		
				206,939		
				-		
				3,624		
				-		
				192,033		
				27,408		
				210,563		
				7,620,346		
				(99,215)		
				526,608		
				\$ 421,980		
				\$ 16,699,176		
				427,333		
				-		
				1,056,162		
				-		
				-		
				-		
				427,333		
				14,159		
				134,042		
				\$ 148,201		

The accompanying notes are an integral part of this statement.

**BOUNDARY COUNTY, IDAHO
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2020**

	General Fund	Road & Bridge Fund	Justice Fund	Solid Waste	Other Non-major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,458,866	\$ 2,258,560	\$ 1,881,340	\$ 516,708	\$ 1,719,042	\$ 9,834,516
Receivables, net of uncollectible						
Property taxes	59,799	3,524	67,660	57,023	76,332	264,338
Other receivables	-	-	-	-	-	-
Assets whose use is limited:						
Restricted cash	-	-	-	1,200,807	-	1,200,807
Total Assets	\$ 3,518,665	\$ 2,262,084	\$ 1,949,000	\$ 1,774,538	\$ 1,795,374	\$ 11,299,661
LIABILITIES						
Accounts payable	\$ 42,699	\$ 1,952	\$ 7,307	\$ 6,349	\$ 14,931	\$ 73,238
Compensated absences	21,704	37,101	76,982	5,717	23,304	164,808
Total Liabilities	64,403	39,053	84,289	12,066	38,235	238,046
Deferred Inflows of Resources-						
Unavailable revenue - property tax	48,800	3,013	55,776	49,211	62,928	219,728
FUND BALANCE						
Restricted for Landfill closure	-	-	-	1,200,807	-	1,200,807
Assigned for general government	-	-	-	-	356,561	356,561
Assigned for roads and bridges	-	2,220,018	-	-	-	2,220,018
Assigned for public safety	-	-	1,808,935	-	480,817	2,289,752
Assigned for sanitation	-	-	-	512,454	-	512,454
Assigned for health & welfare	-	-	-	-	405,789	405,789
Assigned for recreation and parks	-	-	-	-	316,051	316,051
Assigned for education	-	-	-	-	134,993	134,993
Unassigned	3,405,462	-	-	-	-	3,405,462
Total Fund Balance	3,405,462	2,220,018	1,808,935	1,713,261	1,694,211	10,841,887
Total Liabilities and Fund Balance	\$ 3,518,665	\$ 2,262,084	\$ 1,949,000	\$ 1,774,538	\$ 1,795,374	\$ 11,299,661

The accompanying notes are an integral part of this statement.

**BOUNDARY COUNTY , IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2020**

Total fund balances - governmental funds		\$ 10,841,887
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.		
The cost of the capital assets is	\$ 22,861,015	
Accumulated depreciation is	<u>(13,646,244)</u>	9,214,771
Property taxes receivable not available soon enough after fiscal year-end to pay current period's expenditures, and therefore are unavailable in the funds.		219,728
Deferred outflow of resources not recognized as current period expenditures		726,171
Long-term liabilities, including bonds payable and capital lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Accrued interest	(3,620)	
Capital lease payable	(225,796)	
Net Pension Liability	(2,812,575)	
Other post-employment benefits	(182,766)	
Landfill closure & post-closure care costs	<u>(1,401,717)</u>	(4,626,474)
Deferred Inflow of resources not recognized as current period revenues		<u>(98,887)</u>
Total net position - governmental activities		<u><u>\$ 16,277,196</u></u>

The accompanying notes are an integral part of this statement.

BOUNDARY COUNTY, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended September 30, 2020

	General	Road & Bridge	Justice Fund	Solid Waste Fund	Other Non-Major Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 1,538,502	\$ 150,366	\$ 1,671,430	\$ -	\$ 1,891,472	\$ 5,251,770
Fees & other non-tax revenues	221,421	443,458	200,555	1,191,493	158,789	2,215,716
Grants and receipts from other governments	875,964	2,632,999	1,357,701	-	1,300,084	6,166,748
Other	82,243	1,649	106,665	22,117	18,540	231,214
Total Revenues	2,718,130	3,228,472	3,336,351	1,213,610	3,368,885	13,865,448
EXPENDITURES:						
Current:						
General Government	2,289,291	-	-	-	578,944	2,868,235
Public Safety	96,604	-	3,326,791	-	1,282,391	4,705,786
Roads & Bridges	-	2,438,041	-	-	-	2,438,041
Sanitation	-	-	-	833,652	-	833,652
Health & Welfare	-	-	-	-	425,343	425,343
Recreation & Parks	-	-	-	-	251,279	251,279
Education	-	-	-	-	20,948	20,948
Capital Outlay	722,089	363,086	273,742	19,255	489,307	1,867,479
Debt Service Principal	-	65,289	-	51,654	-	116,943
Debt Service Interest	-	6,466	-	5,170	-	11,636
Total Expenditures	3,107,984	2,872,882	3,600,533	909,731	3,048,212	13,539,342
Excess (Deficiency) of Revenues over Expenditures	(389,854)	355,590	(264,182)	303,879	320,673	326,106
NET CHANGE IN FUND BALANCE	(389,854)	355,590	(264,182)	303,879	320,673	326,106
Beginning of Year	3,795,316	1,864,428	2,073,117	1,409,382	1,373,538	10,515,781
FUND BALANCE, End of Year	\$ 3,405,462	\$ 2,220,018	\$ 1,808,935	\$ 1,713,261	\$ 1,694,211	\$ 10,841,887

The accompanying notes are an integral part of this statement.

**BOUNDARY COUNTY, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2020**

Total net change in fund balances - governmental funds \$ 326,106

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Donated capital assets are not reported in the fund financial statements.

Depreciation expense	(\$947,342)	
Capitalized expenditures	<u>1,129,631</u>	182,289

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 116,943

Increase in landfill closure and post-closure care costs is only reflected as expense on the statement of net activities. (30,877)

Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues in the governmental funds. Unavailable tax revenues decreased by this amount. (39,224)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the expense accrues, regardless of when it is due. The additional interest in the statement of activities is accrued interest on leases. 1,834

The cost of PERSI and OPEB retirement benefits in the Statement of Activities differs from the amount reported in the governmental funds because these costs are recognized as an expenditure in the governmental funds when the use of current financial resources is required. In the Statement Activities however, the PERSI and OPEB obligation is recognized based on the actuarial valuation, regardless of when paid. The accrual increased by this amount this year. (551,658)

Change in net position of governmental funds \$ 5,413

The accompanying notes are an integral part of this statement.

BOUNDARY COUNTY, IDAHO
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 485,250
Taxes Receivable	<u>262,246</u>
Total Assets	<u>\$ 747,496</u>
LIABILITIES	
Due to other agencies and units of government	<u>\$ 747,496</u>
Total Liabilities	<u>\$ 747,496</u>

The accompanying notes are an integral part of this statement.

BOUNDARY COUNTY, IDAHO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2020

	Business-type Activities	
	Community Restorium	Total
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 349,712	\$ 349,712
Receivables, net of uncollectible	19,388	19,388
Property taxes receivable, net	7,331	7,331
Total Current Assets	<u>376,431</u>	<u>376,431</u>
Non-current Assets		
Capital assets:		
Land	98,012	98,012
Buildings and Improvements	828,822	828,822
Machinery and Equipment	281,431	281,431
Less accumulated depreciation	(836,967)	(836,967)
Total Non-current Assets	<u>371,298</u>	<u>371,298</u>
TOTAL ASSETS	<u>747,729</u>	<u>747,729</u>
Deferred Outflows of Resources	<u>101,267</u>	<u>101,267</u>
LIABILITIES		
Current Liabilities		
Accounts payable	3,473	3,473
Compensated absences	15,696	15,696
Total Current Liabilities	<u>19,169</u>	<u>19,169</u>
Long-term Liabilities		
Net pension liability	<u>394,951</u>	<u>394,951</u>
TOTAL LIABILITIES	<u>414,120</u>	<u>414,120</u>
Deferred Inflows of Resources	<u>12,896</u>	<u>12,896</u>
NET POSITION		
Invested in capital assets, net of related debt	371,298	371,298
Unrestricted	50,682	50,682
TOTAL NET POSITION	<u>\$ 421,980</u>	<u>\$ 421,980</u>

The accompanying notes are an integral part of this statement.

BOUNDARY COUNTY, IDAHO
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
ALL PROPRIETARY FUNDS - ENTERPRISE FUNDS
For the year ended September 30, 2020

	Business-type Activities	
	Community Restorium	Total
OPERATING REVENUES		
Charges and fees, net	\$ 1,159,953	\$ 1,159,953
Total Revenue	<u>1,159,953</u>	<u>1,159,953</u>
OPERATING EXPENSES		
Personal services	757,087	757,087
Materials and supplies	146,335	146,335
Heat, lights and power	42,048	42,048
Benefit payments	470,718	470,718
Repairs & maintenance	33,434	33,434
Other (dues, training, rents, etc.)	8,909	8,909
Depreciation	16,613	16,613
Total Expenses	<u>1,475,144</u>	<u>1,475,144</u>
Loss from Operations	<u>(315,191)</u>	<u>(315,191)</u>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	206,939	206,939
Intergovernmental revenue	3,624	3,624
Total non-operating revenues & expense	<u>210,563</u>	<u>210,563</u>
Revenue over (under) expenses	(104,628)	(104,628)
NET POSITION		
Beginning of year	526,608	526,608
NET POSITION		
End of year	<u>\$ 421,980</u>	<u>\$ 421,980</u>

The accompanying notes are an integral part of this statement.

BOUNDARY COUNTY, IDAHO
STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUNDS
For the year ended September 30, 2020

	Business-type Activities	
	Community Restorium	Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for services	\$ 1,144,627	\$ 1,144,627
Cash paid for salaries and benefits	(1,161,180)	(1,161,180)
Cash paid for supplies, professional fees & other	(235,016)	(235,016)
Net Cash Used by Operating Activities	<u>(251,569)</u>	<u>(251,569)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
County taxes received	207,778	207,778
Receipts from other governments	3,624	3,624
Net Cash Provided by Non-Capital Financing	<u>211,402</u>	<u>211,402</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments for additions to fixed assets	(4,121)	(4,121)
Net Cash Used in Capital & Related Financing	<u>(4,121)</u>	<u>(4,121)</u>
INCREASE (DECREASE) IN CASH	(44,288)	(44,288)
CASH AT BEGINNING OF YEAR	394,000	394,000
CASH AT END OF YEAR	<u>\$ 349,712</u>	<u>\$ 349,712</u>
<u>Reconciliation of Excess / (Deficiency) Revenues over Expenses to Net Cash Used in Operating Activities:</u>		
(Loss) from Operations	\$ (315,191)	\$ (315,191)
Depreciation	16,613	16,613
(Increase) decrease in accounts receivable	(15,326)	(15,326)
Increase (decrease) in accts. payable	(4,290)	(4,290)
Increase (decrease) in accrued expenses	66,625	66,625
Net Cash Used by Operating Activities	<u>\$ (251,569)</u>	<u>\$ (251,569)</u>

The accompanying notes are an integral part of this statement.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

The accompanying financial statements of Boundary County (the "County") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued in June 1999. GASB is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity:

Boundary County is a political subdivision of the State of Idaho. The County is the basic level of government that has financial accountability and control over all activities related to public safety, general government, and roads and bridges in Boundary County, Idaho. It operates under an elected three-member Board of Commissioners that, as the governing body of the County, is responsible for the legislative and executive control of the County. The County receives funding from local, state and federal government sources. The County is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision-making authority, power to designate management, the ability to influence operations and, primary accountability for fiscal matters.

The County contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI) and the Idaho Counties Risk Management Program (ICRMP). PERSI is administered by the State of Idaho and the Idaho Association of Counties administers ICRMP. Since the County does not administer or is not dominant in either plan, the financial statements of these plans are not included in this report. A copy of the PERSI report can be obtained from the Public Employee Retirement System of Idaho office in Boise, Idaho. A copy of the ICRMP report can be obtained from the Idaho Association of Counties Risk Management Program also in Boise, Idaho.

Component Unit

In conformity with generally accepted accounting principles, the basic financial statements of the Boundary County Ambulance District have been included in the financial reporting entity as a discretely presented component unit, emphasizing its nature as a legally separate entity from the County. The component unit is presented as a separate column within the "basic" financial statements on the combined statements.

The Boundary County Ambulance District is included as a component unit because Boundary County Commissioners act as the governing board of the Ambulance District and maintain financial accountability. Requests for additional financial information should be addressed to:

Glenda Poston, Boundary County Clerk
6452 Kootenai Street
P.O. Box 419
Bonners Ferry, Idaho 83805

Basic Financial Statements – Government-Wide Statements

The Government-wide financial statements consist of the statement of net position and statement of activities that report information about the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities on a consolidated basis by column. The presentation is on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: invested in capital assets, net of related debt; restricted; and unrestricted.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

The County funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The Statement of Activities demonstrates the degree to which the direct expenses of governmental functions and business-type activities are offset by program revenues. The statement presents a comparison between direct expenses and program revenues for the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or functions and, therefore, are clearly identifiable to a particular function.

Amounts reported as program revenues include 1) fees, fines and charges to customers or applicants for goods or services offered by the programs, 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program, and 3) capital grants and contributions restricted to a particular program. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County enterprise fund (Community Restorium) are charges to residents for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the County are recorded in individual funds to report the financial position and results of operations of the County. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures:

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statements. The remaining governmental funds are considered to be non-major and are consolidated in an "other" funds column (on the combined fund statements). GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses) for the determination of major funds.

The following fund types are used by Boundary County:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of the financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the County:

- The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.
- The Road and Bridge Fund is a special revenue fund used to account for the activities related to the maintenance and improvement of the County road and bridge system.
- The Justice Fund is a special revenue fund used to account for the activities of the County Sheriff, Prosecuting Attorney and Juvenile Probation.
- The Solid Waste Fund is a special revenue fund used to account for the activities related to the operation, maintenance and expenditures at the County landfill.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

Proprietary Fund Types

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Community Restorium is reflected on these financial statements as a proprietary fund of the primary government.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Community Restorium are derived from charges for residential rental and related services. Operating expenses for enterprise funds include the cost of providing the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund Types

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for others. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds are used as tax collection funds to account for property taxes billed and collected by Boundary County on behalf of other governmental units and to reflect assets pending determination of the fund to be financed.

Reconciling Government-Wide Statements to the Fund Statements

The governmental fund statements include reconciliation between the fund statements and the government-wide statements. Differences that make reconciliation necessary include the two differing measurement focuses and bases of accounting between the statements.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in accrual below.

Basis of Accounting - Accrual

Governmental activities in the government-wide financial statements and all proprietary funds are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Basis of Accounting - Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available (often referred to as susceptible to accrual). Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The County considers revenues to be available if they are expected to be collected within 60 days of year-end. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

Only current assets and current liabilities generally are included on the balance sheet under the modified accrual method of accounting. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the County has chosen not to do so.

Cash and Cash Equivalents

The County pools cash resources of its various funds to facilitate the management of cash. The accounting records of each fund reflect its portion in the pooled cash. The County considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. Idaho Code Section 67, Chapter 12, provides authorization for the investment of funds as well as what constitutes an allowable investment. County policy is consistent with the State Code.

The Code limits investments to the following general types:

- Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.
- Time deposit accounts, tax anticipation and interest-bearing notes.
- Bonds, treasury bills, debentures, or similar obligations of the United States Government, and United States Government Agencies.
- Repurchase agreements secured by the above.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until that time. In the government-wide statements, deferred outflows relate to the accounting for the net pension obligation in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time. On the governmental fund financial statements, property taxes that are delinquent are recorded as deferred inflow of resources - unavailable revenue, since they are not available within 60 days of the fiscal year end. In the government-wide statements, deferred inflows relate to the accounting for the net pension obligation in accordance with GASB 68 *Accounting and Financial Reporting for Pensions*.

Receivables

In the government-wide statements, receivables consist of revenues earned at year-end and not yet received. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Boundary County Indigent services pay medical bills eligible under Idaho Code 31-3510A. This assistance obligates the applicant to reimburse the County. The County tracks the receivable but does not recognize the receivable due to the un-measurable collectability of the accounts involved.

Fixed Assets

The accounting treatment over fixed assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. The County defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their fair market value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocable expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows: Buildings 30 years; Machinery and equipment 3 to 15 years; Vehicles 3 to 8 years.

Although not capitalized, all purchases of property, plant and equipment with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years are tracked for management control and inventory purposes.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements. The County elects not to report major infrastructure assets retroactively.

Compensated Absences

The County's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The entire liability for these compensated absences is recorded as a current debt in the government-wide statements and in the governmental and proprietary funds based on historical trends. The current liability increased by \$35,660 during the year ended September 30, 2020.

Sick pay benefits that have been earned, but probably will be used only for sick leave, are not accrued, but rather are recorded as an expenditure when employees or replacements are paid for days not worked due to illness.

Grants and Other Intergovernmental Revenues

Federal and State reimbursement-type grants are recorded as revenues when the related expenditures/expenses are incurred and, in the Governmental Funds, when the revenues meet the availability criterion. For programs that are supported by multiple funding sources, federal and state grant monies are applied to expenditures first.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of capital lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – Consists of the net assets with constraints placed on the use either by (1) external groups such as creditors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted – The residual amount that does not meet the definition of restricted or invested in capital assets, net of related debt.

Fund Balances of Fund Financial Statements

Governmental fund equity is classified as fund balance in accordance with GASB-54. This standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints imposed upon how resources reported in governmental funds may be used. Fund balance is classified as restricted, assigned and unassigned.

The County reports the following classifications as applicable:

- Non-spendable Fund Balance – Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in a spendable form - such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.
- Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the County can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purpose specified by the legislation.
- Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the governing board. Amounts in the committed fund balance classification may be used for other purposes with the appropriate due process by the governing board. Committed fund balances differ from restricted fund balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or official to which the governing board have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balances include: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Library itself.
- Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Proprietary fund equity is classified the same as in the government-wide statements.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

Budgets and Budgetary Accounting

The County follows these procedures in establishing budgetary data:

The County Auditor as budget officer prepares a preliminary budget by the first Monday of August.

- After review and agreement by the County Commissioners the budget officer publishes the amount proposed to be appropriated to each county office or agency.
- On the Tuesday following the first Monday in September the County Commissioners must meet to adopt a final budget.
- After adoption of the final budget, it is the duty of the County Auditor to see that the provisions of the budget are complied with.
- The County budget cycle begins with the request for budget estimates by the County Auditor and ends with completion of the fiscal year. The fiscal year begins October 1st and ends September 30th.

Formal budget integration is employed as a management control device for the General Fund and Special Revenue Funds. Budgets for the General and Special Funds are adopted on a basis consistent with generally accepted accounting principles. The budget was amended various times in the year to reflect the receipt of unanticipated revenue.

Use of Estimates

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

Pensions

For purposes of measuring the net pension liability and pension expense, information about 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.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE 2 - CASH AND INVESTMENTS

On September 30, 2020, the County's cash on hand was \$250. The carrying amount of cash and deposits including proprietary and fiduciary funds was \$11,870,285 and the bank balance was \$12,595,496. The difference represents deposits in transit and outstanding warrants. The County has experienced a market gain of \$12,299 based on market value compared to original cost at year-end. Since the intent of management is to hold the securities to maturity, the gain has not been recorded.

The County's bank balances including fiduciary funds at September 30, 2020 consisted of the following:

Carrying value:

Cash and cash equivalents	\$9,834,516
Assets limited as to use	1,200,807
Proprietary funds cash & cash equivalents	349,712
Fiduciary funds cash & cash equivalents	485,250
	<u>\$11,870,285</u>

On September 30, 2020, none of the County's bank balance of \$12,595,496 was subject to custodial credit risk.

The elected State Treasurer, following Idaho Code, is authorized to sponsor an investment pool that the County voluntarily participates in. The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body – oversight is with the State Treasurer, and the Idaho Code defines allowable investments. The State Legislative Auditors Office conducts an annual audit of the Joint Powers Investment Pool.

Through a "Cash Management Sweep Account and Automatic Daily Repurchase Agreement", the County invests idle cash in uninsured repurchase agreements. The repurchase agreement is 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. Titles to the securities are vested in the bank. The bank repurchases the undivided, fractional interest from the County on the next banking day.

Custodial Credit Risk - For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the financial institution, the County will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk outside of the deposit and investment agreements.

Concentration Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County does not have a policy regarding concentration credit risk. As of September 30, 2020, the following issuers hold more than 5% of the County's total portfolio: State of Idaho Investment Pool – 45%, Columbia Bank 26%, Mountain West Bank – 18%, Multi-Bank Securities – 6%.

Credit Risk - Credit risk is the risk that an issuer of debt securities or another counter-party to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standards & Poors and Fitch's. The investments of the County are not rated and the County does not restrict them to rated investments.

For the year ended September 30, 2020 it was the policy of the County to assign the investment earnings to the Justice Fund and General Fund.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE 3 – CAPITAL ASSETS

Governmental capital asset activity for the year ended September 30, 2020 was as follows:

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Governmental Capital Assets:				
Capital assets not being depreciated:				
Land	\$1,955,873	\$0	\$0	\$1,955,873
Other	152,822	0	0	152,822
Total capital assets not being depr.	<u>\$2,108,695</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,108,695</u>
Capital assets being depreciated:				
Buildings, Improvements & Infrastructure	\$11,877,243	\$555,469	\$0	\$12,432,712
Machinery & Equipment	7,772,316	574,162	(26,870)	8,319,608
Total capital assets being depreciated	<u>19,649,559</u>	<u>1,129,631</u>	<u>(26,870)</u>	<u>20,752,320</u>
Accumulated Depreciation:				
Buildings, Improvements & Infrastructure	6,110,369	483,558	0	6,593,927
Machinery & Equipment	6,615,403	463,784	(26,870)	7,052,317
Total accumulated depreciation	<u>12,725,772</u>	<u>947,342</u>	<u>(26,870)</u>	<u>13,646,244</u>
Total capital assets, net of depreciation	<u>\$6,923,787</u>	<u>\$182,289</u>	<u>\$0</u>	<u>\$7,106,076</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$341,760
Public Safety	154,218
Streets	349,615
Sanitation	72,213
Parks	29,536
Total Depreciation Expense	<u>\$947,342</u>

Business-type capital asset activity for the year ended September 30, 2020 was as follows:

	Balance 9/30/2019	Additions	Deletions	Balance 9/30/2020
Business-type Capital Assets:				
Land	\$98,012	\$0	\$0	\$98,012
Buildings & Improvements	828,822	0	0	828,822
Machinery & Equipment	277,310	4,120	0	281,430
Total	<u>\$1,204,144</u>	<u>\$4,120</u>	<u>\$0</u>	<u>\$1,208,264</u>
Accumulated Depreciation:				
Buildings & Improvements	\$606,983	\$9,758	\$0	\$616,741
Machinery & Equipment	213,371	6,855	0	220,226
Total	<u>\$820,354</u>	<u>\$16,613</u>	<u>\$0</u>	<u>\$836,967</u>

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE 4 - LONG-TERM DEBT

All long-term debt is from governmental activities.

At September 30, 2020, the governmental long-term debt of the financial reporting entity consisted of the following:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities:					
Net Pension Liability	\$1,340,075	\$1,472,500	\$0	\$2,812,575	\$0
Capital Leases	342,739		(116,943)	225,796	82,547
Landfill Closure	1,370,840	30,877	0	1,401,717	0
Other Post-Employment Benefits	182,121	645	0	182,766	0
Governmental Activity Long-term Debt	\$3,235,775	\$1,504,022	(\$116,943)	\$4,622,854	\$82,547
Business-Type Activities:					
Net Pension Liability	\$197,846	\$197,105	\$0	\$394,951	\$0

NOTE 5 - CAPITALIZED LEASES

The County has entered into capital leases for equipment and facilities under terms ranging to 120 months, which include a non-appropriation clause that allows the County to avoid incurring indebtedness obligating a future year's budget or revenues. Assets costing \$868,799 are recorded under capital leases, which carry interest rates of 2.86% to 3.2%. The leases are paid from the Road and Bridge and Solid Waste Funds.

Future minimum payments under capital leases together with present value of the minimum lease payments at September 30, 2020 are:

	Principal	Interest	Total Payment
September 30, 2021	\$82,547	\$7,471	\$90,018
September 30, 2022	85,172	4,846	90,018
September 30, 2023	34,235	2,107	36,342
September 30, 2024	23,842	891	24,733
	\$225,796	\$15,315	\$241,111

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The County's financial instruments are cash and cash equivalents, receivables, accounts payable, capital leases payable and long-term debt. The recorded values of cash and cash equivalents, receivables, and accounts payable approximate their fair value based on their short-term nature. The recorded values of capital leases and long-term debt approximate their fair values, as interest approximates market rates.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE 7 – PENSION PLAN

Plan Description

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

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

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 the highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation 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) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020, it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The County's contributions were \$587,280 for the year ended June 30, 2020.

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

At September 30, 2020, the County reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020, the County's proportion was .001381285 percent.

For the year ended September 30, 2020, the County recognized pension expense of \$1,161,623. As of September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$250,606	\$104,733
Changes in assumptions or other inputs	54,245	0
Net difference between projected and actual earnings on pension plan investments	367,644	0
County's contributions subsequent to the measurement date	149,929	
TOTAL	<u>\$822,424</u>	<u>\$104,733</u>

The \$149,929 reported as deferred outflows of resources related to pensions resulting from employer contributions made subsequent to the measurement date will be recognized as an addition to the plan pension expense or reduction of the plan pension revenue in the year ending June 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019 the beginning of the measurement period ended June 30, 2019 is 4.8 years and 4.8 for the measurement period June 30, 2020.

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:

Year ended	
2021	\$10,359
2022	135,114
2023	183,381
2024	238,909

Actuarial Assumptions

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

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases including inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

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

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2020 is based on the results of an actuarial valuation date July 1, 2020.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2020.

Capital Market Assumptions from Callen 2020

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	2.80%	55.00%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Disc. Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$6,577,758	\$3,207,526	\$420,894

Pension plan fiduciary net position

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

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

Payables to the pension plan

On September 30, 2020, the County did not have any payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 8 - PROPERTY TAXES

Property tax revenues are recognized when received or, if received within the two-month period subsequent to year-end, are accrued on the fund financial statements. Property tax revenues are recognized when levied, with appropriate accrual made at year-end on the government-wide financial statements. The County's property taxes, levied on the Thursday prior to the second Monday in September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Occupancy taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the fund financial statements.

Under State law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Boundary County bills and collects property taxes for other Tax Districts.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no material allowance for uncollectible taxes.

NOTE 9 - CONTINGENCIES

In the normal course of operations, the County receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. There is then the possibility of potential liability as determined by a sponsoring organization audit, if such an audit would occur.

**BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020**

NOTE 10 – OTHER POST- EMPLOYMENT BENEFITS

Plan Description:

Boundary County's Post-Retirement Healthcare Plan is administered by the Government Employee Retirement Plan (GemPlan). GemPlan provides medical, dental, and vision coverage for eligible retirees and eligible dependents. Eligible retirees include employees who are age 55 or older and have completed 20 years of continuous service with Boundary County or is an elected official who has completed 5 years of continuous service with Boundary County. Early retirees are eligible for coverage until the early retiree is eligible for Medicare. The County has 106 active participants in the plan and 0 retiree and 0 spouse receiving benefits.

Funding Policy:

Boundary County had not established a fund to supplement the costs for the OPEB obligation. The required contribution is made on a pay-as-you-go basis (PAYGO). There is no requirement to pre-fund benefits under GASB 75. However, continuing a PAYGO basis creates a Total OPEB Liability (TOL) on the balance sheet.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

The County's September 30, 2020 total OPEB liability of \$182,766 was measured on October 1, 2019 and was based on an actuarial valuation as of October 1, 2019. For the year ended September 30, 2020, the County recognized OPEB expense of \$2,682. As of September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$0	\$0
Changes in assumptions or other inputs	703	7,050
County's contributions subsequent to the measurement date	4,310	0
Total	\$5,013	\$7,050

Boundary County contributions subsequent to the measurement date of \$4,310 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended

9/30/2021	(\$2,115)
9/30/2022	(2,115)
9/30/2023	(2,117)
9/30/2024	0

Actuarial assumptions:

The total OPEB liability was determined by an actuarial valuation as of October 1, 2019 and a measurement date as of October 1, 2019. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial cost method	Entry age, level percentage pay
Inflation rate	2.50%
Salary Increases	3.00%
Medical trend rate	6.5% grading to 5% over 6 years
Discount rate	3.00%
20 year Municipal Bond Yield	3.00%

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

Assumption Changes:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General Safety) with MP-2019 Generalization Improvements Scale.
- The salary increase rates were changed from a flat 3.00% for all employees to rates which vary by service.
- The discount rate was changed from 3.50% to 3.00%.
- These changes increased the liability \$938.

There were no changes in the methods since the prior measurement date.

The following is a schedule of changes in the net OPEB liability:

Total OPEB Liability - Beginning of Year		\$182,121
Changes for the year:		
Service cost	\$17,037	
Interest cost	6,716	
Assumption changes	0	
Plan changes	938	
Differences between Expected and Actual Experience	(9,400)	
Benefit payments	(14,646)	
Other changes	0	
Net Changes		645
Total OPEB Liability - End of Year		\$182,766

The following presents the total OPEB liability of Boundary County as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5 percent) or 1-percentage point higher (4.5 percent) than the current discount rate.

	1% Decrease (2%)	Current Disc. Rate (3%)	1% Increase (4%)
Total OPEB Liability.	\$199,507	\$182,766	\$167,142

As of September 30, 2020, the County did not have any outstanding contributions due and payable to the plan.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 21, 2021, the date the financial statements were available to be issued. Management has concluded that there are no subsequent events that justify disclosure.

NOTE 12 - ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund and special revenue funds. This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE 13 - FUND EQUITY

Reservations or restrictions of fund equity of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance accounts are summarized below.

Restricted for Landfill Closure:

This restriction was created to segregate the portion of the fund equity for landfill closure and post-closure care costs. The reservation was established to satisfy legal restrictions imposed by the State Department of Environmental Quality.

Donor-Restricted Funds:

Donor-restricted funds are used to differentiate resources, the use of which is restricted by donors or grantors, from resources of general funds on which donors or grantors place no restriction or that arise as a result of operations. Restricted gifts and other restricted resources are recorded as additions to the appropriate restricted fund. Resources restricted by donors or grantors for specific operating purposes are reported in other revenue to the extent used within the period.

NOTE 14 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and Federal laws and regulations require that Boundary County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, a liability is being recognized based on estimated future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of \$1,401,717 that is based on 33% usage (filled) of the landfill. It is estimated that an additional \$2,874,745 will be recognized as closure and post-closure care cost between the date of the balance sheet and the date the landfill is expected to be filled to capacity, which is estimated to be in 40-100 years. The estimated cost of \$4,276,462 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2020. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Federal laws and regulations require the County to adopt a mechanism to demonstrate financial assurance that funds necessary to meet the costs of closure and post-closure care will be available. The County's funding plan included establishing a landfill closure trust fund administered by the treasurer of Boundary County. The County intends to fund the trust annually in an amount to cover the full cost of closure. At September 30, 2020 the fund held cash and other assets in the amount of \$1,200,807. The cash is restricted as to use only for landfill closure and post-closure costs.

NOTE 15 - 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; injuries to employees; and natural disasters. The County is a member in the Idaho Counties Risk Management Program (ICRMP). ICRMP was created to provide risk management and insurance services to public entities in Idaho. ICRMP itself is a public entity. The County pays an annual premium for all risks of physical loss or damage to real and personal property, general liability, board legal liability and employee dishonesty. Under the terms of the ICRMP policy, Boundary County's liability is limited to the amount of annual financial membership contributions plus \$1,000 per occurrence deductible. The risk management is funded by an annual property tax tort levy, which has no maximum levy limit.

BOUNDARY COUNTY, IDAHO
NOTES TO FINANCIAL STATEMENTS
September 30, 2020

NOTE 16 – SEGMENT INFORMATION – ENTERPRISE FUNDS

Boundary County financial reports include one enterprise fund that is intended to be self-supporting through user fees charged to the public. The Community Restorium, which derives income from residential rental and related services, is reflected on these financial statements as an enterprise fund of the primary government.

Financial segment information as of and for the year ended September 30, 2020 is presented below:

Operating revenues	\$1,159,953
(Loss) from operations	(315,191)
Non-operating income	210,563
Changes in net position	(104,628)
Net working capital	357,262
Total assets	747,729
Total current liabilities	19,169
Beginning net position	526,608
Ending net position	421,980
Cash (used) by operating activities	(251,569)
Cash provided by non-capital financing	211,402
Cash Used in Capital & Related Financing	(4,121)
Beginning cash and cash equivalents	394,000
Ending cash and cash equivalents	349,712

OTHER FINANCIAL INFORMATION

**BOUNDARY COUNTY, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE - GENERAL FUND
For the year ended September 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable- (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 1,489,530	\$ 1,489,530	\$ 1,538,502	\$ 48,972
Fees & other non-tax revenues	164,000	164,000	221,421	57,421
Grants and receipts from other governments	482,589	482,589	875,964	393,375
Other	38,500	38,500	82,243	43,743
Total Revenues	<u>2,174,619</u>	<u>2,174,619</u>	<u>2,718,130</u>	<u>543,511</u>
EXPENDITURES:				
Current:				
General government:				
Salaries	993,559	993,559	937,133	56,426
Benefits	613,250	613,250	543,450	69,800
Other	1,610,925	1,610,925	808,708	802,217
Public safety:				
Salaries	67,573	67,573	61,259	6,314
Benefits	21,800	21,800	21,343	457
Other	38,900	38,900	14,002	24,898
Capital Outlay	2,008,100	2,008,100	722,089	1,286,011
Total Expenditures	<u>5,354,107</u>	<u>5,354,107</u>	<u>3,107,984</u>	<u>2,246,123</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(3,179,488)</u>	<u>(3,179,488)</u>	<u>(389,854)</u>	<u>2,789,634</u>
TOTAL CHANGE IN FUND BALANCE	(3,179,488)	(3,179,488)	(389,854)	2,789,634
FUND BALANCE - Beginning of year	<u>3,179,488</u>	<u>3,179,488</u>	<u>3,795,316</u>	<u>615,828</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,405,462</u>	<u>\$ 3,405,462</u>

**BOUNDARY COUNTY , IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE - ROAD & BRIDGE FUND
For the year ended September 30, 2020**

REVENUES:	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable- (Unfavorable)
	Original	Final		
Taxes	\$ 150,597	\$ 150,597	\$ 150,366	\$ (231)
Fees & other non-tax revenues	1,590,000	1,590,000	443,458	(1,146,542)
Grants and receipts from other governments	268,000	611,373	2,632,999	2,021,626
Other	-	-	1,649	1,649
Total Revenues	<u>2,008,597</u>	<u>2,351,970</u>	<u>3,228,472</u>	<u>876,502</u>
EXPENDITURES:				
Current:				
Roads & Bridges:				
Salaries	762,000	762,000	762,521	(521)
Benefits	613,100	613,100	528,396	84,704
Other	1,515,105	1,858,478	1,147,124	711,354
Capital Outlay	314,142	314,142	363,086	(48,944)
Debt Service	-	-	71,755	(71,755)
Total Expenditures	<u>3,204,347</u>	<u>3,547,720</u>	<u>2,872,882</u>	<u>674,838</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(1,195,750)</u>	<u>(1,195,750)</u>	<u>355,590</u>	<u>1,551,340</u>
TOTAL CHANGE IN FUND BALANCE	(1,195,750)	(1,195,750)	355,590	1,551,340
FUND BALANCE - Beginning of year	<u>1,195,750</u>	<u>1,195,750</u>	<u>1,864,428</u>	<u>668,678</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,220,018</u>	<u>\$ 2,220,018</u>

**BOUNDARY COUNTY, IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE - JUSTICE FUND
For the year ended September 30, 2020**

REVENUES:	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable- (Unfavorable)
	Original	Final		
Taxes	\$ 1,613,334	\$ 1,613,334	\$ 1,671,430	\$ 58,096
Fees & other non-tax revenues	169,320	187,729	200,555	12,826
Grants and receipts from other governments	1,255,680	1,273,980	1,357,701	83,721
Other	100,000	100,000	106,665	6,665
Total Revenues	<u>3,138,334</u>	<u>3,175,043</u>	<u>3,336,351</u>	<u>161,308</u>
EXPENDITURES:				
Current:				
Public safety:				
Salaries	1,805,893	1,805,893	1,818,386	(12,493)
Benefits	1,300,900	1,300,900	1,099,693	201,207
Other	818,600	831,154	408,712	422,442
Capital Outlay	514,500	538,655	273,742	264,913
Total Expenditures	<u>4,439,893</u>	<u>4,476,602</u>	<u>3,600,533</u>	<u>876,069</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,301,559)	(1,301,559)	(264,182)	1,037,377
FUND BALANCE - Beginning of year	<u>1,301,559</u>	<u>1,301,559</u>	<u>2,073,117</u>	<u>771,558</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,808,935</u>	<u>\$ 1,808,935</u>

**BOUNDARY COUNTY , IDAHO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE - SOLID WASTE FUND
For the year ended September 30, 2020**

REVENUES:	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable- (Unfavorable)
	Original	Final		
Fees & other non-tax revenues	\$ 1,108,692	\$ 1,108,692	\$ 1,191,493	\$ 82,801
Other	-	-	22,117	22,117
Total Revenues	<u>1,108,692</u>	<u>1,108,692</u>	<u>1,213,610</u>	<u>104,918</u>
EXPENDITURES:				
Current:				
Sanitation:				
Salaries	391,150	391,150	342,306	48,844
Benefits	260,300	260,300	212,963	47,337
Other	380,700	380,700	278,383	102,317
Capital Outlay	86,000	86,000	19,255	66,745
Debt Service	-	-	56,824	(56,824)
Total Expenditures	<u>1,118,150</u>	<u>1,118,150</u>	<u>909,731</u>	<u>208,419</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(9,458)	(9,458)	303,879	313,337
FUND BALANCE - Beginning of year	<u>9,458</u>	<u>9,458</u>	<u>1,409,382</u>	<u>1,399,924</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,713,261</u>	<u>\$ 1,713,261</u>

BOUNDARY COUNTY

**Schedule of Employer's Share of Net Pension Liability
PERSI – Base Plan
Last 10 – Fiscal Years ***

	2015	2016	2017	2018	2019	2020
County's portion of the net pension liability	0.001325237	0.001326129	0.001321563	0.001336672	0.001347314	0.001381285
County's proportionate share of the net pension liability	\$1,745,122	\$2,688,267	\$2,077,270	\$1,971,615	\$1,537,921	\$3,207,526
County's covered-employee payroll	\$3,691,376	\$3,869,827	\$4,082,019	\$4,276,947	\$4,550,582	\$4,865,081
County's proportional share of the net pension liability as a percentage of its covered-employee payroll	47.28%	69.47%	50.89%	46.10%	33.79%	65.93%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%

* 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 years for which information is available.

Data reported is measured as of June 30 (measurement date)

**Schedule of Employer Contributions
PERSI – Base Plan
Last 10 – Fiscal Years ***

	2015	2016	2017	2018	2019	2020
Statutorily required contribution	\$419,279	\$448,376	\$468,773	\$493,696	\$534,462	\$593,464
Contributions in relation to the statutorily required contribution	\$419,279	\$448,376	\$468,773	\$493,696	\$534,462	\$593,464
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
District's covered-employee payroll	\$3,683,229	\$3,939,320	\$4,118,441	\$4,337,465	\$4,631,848	\$4,955,066
Contributions as a percentage of covered-employee payroll	11.38%	11.38%	11.38%	11.38%	11.53%	11.98%

* 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 years for which information is available.

Data is reported as of September 30 (measurement date).

BOUNDARY COUNTY
Schedule of Employer's Share of Net OPEB Liability
Post-Retirement Healthcare Plan
Last 10 – Fiscal Years *

	2018	2019	2020
Total OPEB Liability - Beginning of Year	\$164,932	\$173,110	\$182,121
Changes for the year:			
Service cost	13,099	13,492	17,037
Interest cost	6,041	6,343	6,716
Assumption changes	0	0	0
Plan changes	0	0	938
Differences between Expected and Actual Experience	0	0	(9,400)
Benefit payments	(10,962)	(10,824)	(14,646)
Other changes	0	0	0
Net Changes	8,178	9,011	645
Total OPEB Liability - End of Year	\$173,110	\$182,121	\$182,766

Schedule of Employer Contributions
Post-Retirement Healthcare Plan
Last 10 – Fiscal Years *

	2018	2019	2020
Actuarial determined employer contribution	\$19,140	\$19,834	\$23,538
Contribution in relation to actuarial determined contribution	10,824	14,646	4,310
Contribution deficiency	8,316	5,188	19,228
Employer covered-employee payroll	3,716,825	3,828,330	4,188,539
Contribution as a percentage of covered employee payroll	5.0000%	5.0000%	4.0000%

Notes

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Salary Increases	3.00%
Medical trend rate	6.5% grading to 5% over 6 years
Discount rate	3.00%
20-year Municipal Bond Yield	3.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.

* GASB Statement No. 75 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 years for which information is available.

ADDITIONAL AUDITOR'S REPORTS AND SCHEDULES

Leonard S. Schulte

Certified Public Accountant

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

Board of Commissioners
Boundary County
Bonners Ferry, Idaho 83805

Report on Compliance for Each Major Federal Program

I have audited Boundary County, Idaho's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Boundary County's major federal programs for the year ended September 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Boundary County's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Boundary County's compliance.

Opinion on Each Major Federal Program

In my opinion, Boundary County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of Boundary County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the County's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Leonard S. Schulte

Leonard Schulte
January 21, 2021
Bonners Ferry, Idaho

Leonard S. Schulte

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Boundary County
Bonners Ferry, Idaho 83805

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boundary County, Bonners Ferry, Idaho, as of and for the year ended September 30, 2020; and the related notes to the financial statements, which collectively comprise Boundary County, Idaho's basic financial statements, and have issued my report thereon dated January 21, 2021.

Internal Control over Financial Reporting

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

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

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boundary County's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 21, 2021

Leonard S. Schulte

Leonard Schulte
Bonners Ferry, Idaho

BOUNDARY COUNTY, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2020

FEDERAL GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-through Grantors Number	Passed Through to Subrecipients	Disbursements/ Expenditures
<u>U.S. Dept. of Interior</u>				
Direct Assistance:				
Payment in Lieu of Taxes	15.226	none	\$ -	\$ 999,917
National Wildlife Refuge Fund	15.659	none	-	9,469
<u>U.S. Dept. of Agriculture</u>				
Passed through State of Idaho:				
Schools & Roads Grants to State	10.665	none	239,355	558,496
Cooperative Forestry Assistance	10.664	16-DG-11010000	-	289,315
<u>U.S. Dept. of Homeland Security</u>				
Passed through the State of Idaho:				
Boating Safety Financial Assistance	97.012	14.01.16	-	5,290
Homeland Security Grant Program	97.067	EMW2017SS00054	-	70,152
Disaster Grants Public Assistance	97.036	FEMA-4313-DR-ID	-	367,634
<u>U.S. Dept. of Health & Human Services</u>				
Passed through the State of Idaho:				
Substance Abuse and Mental Health Services	93.243	1H79SP080981-01		7,927
<u>U.S. Dept. of Transportation</u>				
Direct Assistance:				
Airport Improvement Program	20.106	AIP 3-16-0004	-	451,999
<u>U.S. Dept. of Treasury</u>				
Passed through the State of Idaho:				
Coronavirus Relief Fund	21.019	20-1892-0-1-806		95,306
Total Federal Financial Assistance			\$ 239,355	\$ 2,855,505

**BOUNDARY COUNTY, IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2020**

SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards includes all federal financial assistance received and expended by the County including direct assistance and assistance passed through the State of Idaho.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Boundary County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Major Programs

For purposes of distinguishing between Type A and Type B programs, the dollar threshold used was \$750,000.

3. Programs Tested

In accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Boundary County met the criteria of a low-risk auditee

U.S. Department of Interior
Direct Assistance
Payment in Lieu of Taxes

CFDA # 15.226

4. Amount Provided to Sub-recipient

Boundary County School District No. 101 was provided \$239,355 as a sub-recipient of the Secure Payments to States and Counties Containing Federal Lands CFDA #10.665 program.

5. Indirect Cost

Boundary County did not elect to use the 10% de minimis indirect cost rate.

**BOUNDARY COUNTY, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2020**

Section I Summary of Auditors Results

Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Non-compliance material to the financial statements noted?	No

Federal Awards

Internal control over compliance in major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with the Uniform Guidance Title 2 CFR 200	No
Identification of major programs included:	
U.S. Dept. of Interior	
Payment in Lieu of Taxes	CFDA # 15.226
Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Auditee qualified as low-risk auditee?	Yes

**BOUNDARY COUNTY, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2020**

Section II - Financial Statement Findings

None noted

Section III – Major Federal Award Programs Findings and Questioned Costs

None noted

SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

None noted