

**OWYHEE COUNTY, IDAHO**

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Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

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For the Year Ended September 30, 2007

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## Independent Auditor's Report

Board of Commissioners  
Owyhee County, Idaho  
Murphy, Idaho

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Owyhee County, Idaho** (the County) as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Owyhee County, Idaho** as of September 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2008, on our consideration of **Owyhee County, Idaho's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 28 through 31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Owyhee County, Idaho** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Owyhee County, Idaho's**, basic financial statements. The supplemental information (pages 32 to 40) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Bailey & Co.*

Nampa, Idaho  
May 21, 2008

**Owyhee County, Idaho**  
**Statement of Net Assets**  
September 30, 2007

	Primary Government		Component Unit
	Governmental Activities	Total	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 3,918,480	\$ 3,918,480	\$ 2,860
Receivables, Net:			
Property Taxes	103,588	103,588	0
Interest	121,033	121,033	0
Prepaid Expenses	29,730	29,730	0
Capital Assets:			
Land	281,230	281,230	0
Depreciable Buildings, Property, and Equipment, Net	5,503,126	5,503,126	0
Total Capital Assets	5,784,356	5,784,356	0
Total Assets	9,957,187	9,957,187	2,860
<b>Liabilities</b>			
Accounts Payable and Other Current Liabilities	498,372	498,372	0
Accrued Interest	4,058	4,058	0
Long-Term Liabilities:			
Due within One Year:			
Leases Payable	89,251	89,251	0
Due in More than One Year:			
Leases Payable	25,313	25,313	0
Total Liabilities	616,994	616,994	0
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,669,792	5,669,792	0
Restricted for:			
Debt Service	68,963	68,963	0
Unrestricted (Deficit) Surplus	3,601,438	3,601,438	2,860
Total Net Assets	\$ 9,340,193	\$ 9,340,193	\$ 2,860

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

**Owyhee County, Idaho**  
**Statement of Activities**  
For the Year Ended September 30, 2007

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 2,311,631	\$ 0	\$ 74,976	\$ 0
Public Safety	2,444,775	0	0	0
Highways and Streets	1,272,854	0	0	0
Sanitation	446,383	0	0	0
Health	49,716	0	0	0
Welfare	269,536	0	0	0
Education	18,000	0	0	0
Culture and Recreation	143,349	0	0	0
Interest on Long-Term Debt	12,053	0	0	0
<b>Total Governmental Activities</b>	<u>6,968,297</u>	<u>0</u>	<u>74,976</u>	<u>0</u>
<b>Total Primary Government</b>	<u>\$ 6,968,297</u>	<u>\$ 0</u>	<u>\$ 74,976</u>	<u>\$ 0</u>
<b>Component Unit:</b>				
Owyhee County Fair Board	<u>\$ 62,461</u>	<u>\$ 12,328</u>	<u>\$ 0</u>	<u>\$ 0</u>

General Revenues:  
Property Taxes  
State Sources  
Other  
Unrestricted Investment Earnings  
Disposal of Assets  
Total General Revenues and Special Items  
Change in Net Assets  
Net Assets, Beginning of Year  
Prior Period Adjustment  
Net Assets, End of Year

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



**Owyhee County, Idaho**  
**Balance Sheet -**  
**Governmental Funds**  
**September 30, 2007**

	General	Road and Bridge	Solid Waste
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,772,057	\$ 977,204	\$ 173,926
Property Taxes Receivable, Net	49,487	4,440	17,150
Prepaid Expenses	21,988	3,882	28
Interest Receivable	121,033	0	0
<b>Total Assets</b>	<b>\$ 1,964,565</b>	<b>\$ 985,526</b>	<b>\$ 191,104</b>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Salaries and Benefits Payable	\$ 133,255	\$ 32,975	\$ 2,188
Warrants and Accounts Payable	114,697	103,157	30,089
Deferred Revenue	38,751	3,485	13,456
<b>Total Liabilities</b>	<b>286,703</b>	<b>139,617</b>	<b>45,733</b>
 <b>Fund Balances:</b>			
<b>Unreserved:</b>			
General Fund	1,677,862	0	0
Special Revenue	0	845,909	145,371
<b>Total Fund Balance</b>	<b>1,677,862</b>	<b>845,909</b>	<b>145,371</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ 1,964,565</b>	 <b>\$ 985,526</b>	 <b>\$ 191,104</b>

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

Other Governmental Funds	Total Governmental Funds
\$ 995,293	\$ 3,918,480
32,511	103,588
3,832	29,730
0	121,033
<u>\$ 1,031,636</u>	<u>\$ 4,172,831</u>

\$ 21,147	\$ 189,565
60,864	308,807
22,243	77,935
<u>104,254</u>	<u>576,307</u>

0	1,677,862
927,382	1,918,662
<u>927,382</u>	<u>3,596,524</u>
<u>\$ 1,031,636</u>	<u>\$ 4,172,831</u>

**Owyhee County, Idaho**  
 Reconciliation of the Governmental Funds' Balance  
 Sheet to the Statement of Net Assets  
 September 30, 2007

		Total Governmental Funds
Total Fund Balances - Governmental Funds	\$	3,596,524
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different because of the following:</p> <p>Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:</p>		
Land	\$	281,230
Buildings and Improvements, Net of \$3,532,520 Accumulated Depreciation		4,714,458
Equipment, Net of \$2,633,298 Accumulated Depreciation		788,668
		5,784,356
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and therefore, are deferred in the funds.		77,935
<p>Long-term liabilities, including bonds payable and municipal leases, 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:</p>		
Accrued Interest		(4,058)
Bonds and Municipal Leases Payable		(114,564)
Net Assets of Governmental Activities	\$	9,340,193

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

**Owyhee County, Idaho**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2007

	General	Road and Bridge	Solid Waste
<b>Revenues</b>			
Property Taxes	\$ 915,496	\$ 78,853	\$ 303,579
State Funds	126,236	984,465	40,089
Other Revenues	2,331,080	272,809	1,972
Total Revenues	<u>3,372,812</u>	<u>1,336,127</u>	<u>345,640</u>
<b>Expenditures</b>			
Current:			
General Government	1,590,525	0	0
Public Safety	1,867,642	0	0
Highways and Streets	0	1,112,102	0
Sanitation	0	0	331,925
Health	0	0	0
Welfare	0	0	0
Education	0	0	0
Culture and Recreation	0	0	0
Debt Service:			
Principal	60,794	49,193	0
Interest	3,198	5,810	0
Capital Outlay	110,609	158,229	0
Total Expenditures	<u>3,632,768</u>	<u>1,325,334</u>	<u>331,925</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(259,956)</u>	<u>10,793</u>	<u>13,715</u>
<b>Other Financing Sources (Uses)</b>			
Interest Earned	285,712	0	0
Municipal Lease Proceeds	76,043	0	0
Total Other Financing Sources (Uses)	<u>361,755</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	101,799	10,793	13,715
Fund Balances - Beginning	1,576,063	835,116	131,656
Fund Balances - Ending	<u>\$ 1,677,862</u>	<u>\$ 845,909</u>	<u>\$ 145,371</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 574,031	\$ 1,871,959
221,161	1,371,951
823,411	3,429,272
<u>1,618,603</u>	<u>6,673,182</u>

594,486	2,185,011
441,831	2,309,473
0	1,112,102
110,608	442,533
49,716	49,716
269,536	269,536
18,000	18,000
126,440	126,440
0	109,987
0	9,008
29,514	298,352
<u>1,640,131</u>	<u>6,930,158</u>

<u>(21,528)</u>	<u>(256,976)</u>
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0	285,712
0	76,043
<u>0</u>	<u>361,755</u>

(21,528)	104,779
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948,910	3,491,745
<u>\$ 927,382</u>	<u>\$ 3,596,524</u>

**Owyhee 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, 2007

Total Net Change in Fund Balance - Governmental Funds	\$ 104,779
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense (\$443,433) exceeds capital outlays (\$298,352) in the period.</p>	(145,081)
<p>Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.</p>	(21,939)
<p>Some capital additions were financed through municipal leases payable. In governmental funds, a municipal lease payable arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.</p>	(76,043)
<p>The change in accrued interest on long-term debt.</p>	(3,045)
<p>In the Statement of Activities, the loss on the disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on the disposal of capital assets.</p>	(18,423)
<p>Repayment of municipal leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>	<u>109,987</u>
Change in Net Assets of Governmental Activities	<u>\$ (49,765)</u>

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

**Owyhee County, Idaho**  
**Statement of Fiduciary Net Assets - Fiduciary Funds**  
**September 30, 2007**

	Agency Funds	Pension Benefit Trust Fund	Total
<b>Assets</b>			
Cash and Investments	\$ 2,550,553	\$ 201,620	\$ 2,752,173
Property Taxes Receivable	175,493	0	175,493
<b>Total Assets</b>	<b>\$ 2,726,046</b>	<b>\$ 201,620</b>	<b>\$ 2,927,666</b>
 <b>Liabilities</b>			
Warrants and Accounts Payable	\$ 330,984	\$ 0	\$ 330,984
Due to Other Funds or Taxing Units	2,395,062	0	2,395,062
<b>Total Liabilities</b>	<b>\$ 2,726,046</b>	<b>0</b>	<b>2,726,046</b>
 Net Assets Held in Trust		<b>\$ 201,620</b>	<b>\$ 201,620</b>

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

**Owyhee County, Idaho**  
Statement of Changes in Fiduciary Net Assets -  
Fiduciary Funds  
For the Year Ended September 30, 2007

	Pension Benefit Trust Fund
<b>Additions</b>	
Contributions	\$ 18,404
Total Contributions	18,404
Investment Income:	
Net Increase (Decrease) in Fair Value of Investments	25,194
Less: Investment Expense	(1,264)
Net Investment Income	23,930
Total Additions	42,334
<b>Deductions</b>	
Withdrawals	9,639
Total Deductions	9,639
Change in Net Assets	32,695
Net Assets - Beginning	168,925
Net Assets - Ending	\$ 201,620

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

**Owyhee County, Idaho**  
Balance Sheet -  
Component Unit  
September 30, 2007

	<u>Fair Board</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 2,860
<b>Total Assets</b>	<u>\$ 2,860</u>
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	\$ 0
<b>Total Liabilities</b>	<u>0</u>
<b>Fund Balance</b>	
Unreserved	<u>2,860</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 2,860</u>

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

**Owyhee County, Idaho**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Component Unit  
For the Year Ended September 30, 2007

	Fair Board
<b>Revenues</b>	
Property Taxes	\$ 40,618
Charges for Services	12,328
Miscellaneous	2,290
<b>Total Revenues</b>	55,236
 <b>Expenses</b>	
Current:	
Salaries	20,857
Operating Expenses	40,692
Insurance	912
<b>Total Expenses</b>	62,461
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	(7,225)
 <b>Other Financing Sources (Uses)</b>	
Interest Earned	3
<b>Total Other Financing Sources (Uses)</b>	3
 <b>Net Change in Net Assets</b>	(7,222)
 <b>Fund Balance - Beginning</b>	10,082
<b>Fund Balance - Ending</b>	\$ 2,860

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

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

**Owyhee County** (the County) operates under the direction of a Board of Commissioners who are responsible for the various operations of the County. The accompanying basic financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The accounting policies of the County conform to generally accepted accounting principles as applicable to governmental units.

Discretely Presented Component Units

To define the County for financial reporting purposes, it was necessary to consider all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic - but not the only - criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility including, but not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion in or exclusion from the reporting entity is the existence of special financing relationships regardless of whether the County is able to exercise oversight responsibilities. Based on the foregoing criteria, the following entities are presented below:

- Owyhee County Fair Board was created for the purpose of conducting fair activities within the County. The Fair Board is governed by a board appointed by the County commissioners. Financial statements may be obtained from the county clerk.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the financial activities of the overall County, except for fiduciary activities. Eliminations have been made to minimize the double

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. (The County has no business-type activities.)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses - expenses of the County related to the administration and support of the County's programs, such as personnel and accounting - are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

The County reports the following major governmental funds:

- *General fund.* This is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.
- *Road and Bridge fund.* This fund accounts for repairs and maintenance of roads and bridges and construction of new roads and bridges.
- *Solid Waste fund.* This fund accounts for solid waste management services.

The County reports the following fiduciary fund types:

*Agency funds.* These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust,

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonexpendable Trust, Pension Trust, and Agency Funds. Of the four categories, **Owyhee County** has Pension Trust and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in government funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

All governmental funds of the County follow FASB Statements and Interpretations issued after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets and Liabilities

Cash Equivalents

The County requires all cash belonging to the County to be placed in custody of the Treasurer. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Property Taxes

In accordance with Idaho law, ad-valorem property taxes are levied in September for each calendar year. Taxes are recorded by the County using the modified accrual basis of accounting. Levies are made on or before the 2nd Monday of September. All of the personal property taxes and one-half of the real property taxes are due on or before the 20th of December. The remaining one-half of the real property tax is due on or before June 20th of the following year. A lien is filed on property three years from the date of delinquency.

The property tax calendar is as follows:

Date property is valued	Second Monday of July
Date tax is levied	Second Monday of September
Date taxes are billed	November 20
Date taxes are collected	One half on December 20 and half on the following June 20
Date taxes become a lien	First day of January of the succeeding year

Capital Assets

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

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

assets reported in the government-wide statements and proprietary funds are shown below:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	15 – 40 Years
Equipment	\$5,000	Straight-Line	5 – 15 Years

The County (a phase three government) has elected not to report major general infrastructure assets retroactively. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003. Since October 1, 2003, the County has acquired no new infrastructure assets.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Compensated Absences

The total portion of the unpaid personal leave is budgeted in the next year's budget. Personal leave compensation is calculated on an individual basis according to an employee's total years worked and total hours worked per week.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable of the governmental activities consists of property taxes, sales taxes, use taxes, state grants, federal grants and other miscellaneous receivables. The allowance for doubtful accounts for the governmental activities is \$-0- as of September 30, 2007.

Warrants and Accounts Payable

Warrants and accounts payable represent debt obligations that will be paid within the next billing cycle. Amounts shown are not over 60 days past due.

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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2. CASH AND INVESTMENTS

Summary of Deposit and Investment Balances

The County maintains a cash and investment pool for use by all funds.

Deposits

As of September 30, 2007, the carrying amount of the County's deposits was \$1,496,620 and the respective bank balances totaled \$686,098. Of the total bank balance, \$686,098 were insured or collateralized with pooled securities held by the pledging institution in the name of the County.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2007, all of the County's deposits were covered by the federal depository insurance or by collateral held by the County's agent or pledging financial institution's trust department or agent in the name of the County, and thus none of the County's deposits were exposed to custodial credit risk. The County does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Risk – Investments

**Governmental Funds.** As of September 30, 2007, the County's investments were covered by the federal depository insurance or by collateral held by the County's agent or pledging financial institution's trust department or agent in the name of the County, and thus had no investments that were exposed to custodial credit risk.

*Fiduciary Funds.* These investments are exposed to custodial credit risk since the securities are uninsured, are not registered in the name of the County or its Authority and are held by either: (1) the counterparty or (2) the counterparty's trust department or agent, but not in the County's name.

The County does not have a formal policy limiting its custodial risk.

Interest Rate Risk

The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

2. CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The investment in the State Investment Pool is rated AA+ . It is the County's policy to limit investments to the safest types of securities and to diversify the County's investment portfolio so that potential losses on securities will be minimized. The County follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the County to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

Investments

The County's investments at September 30, 2007, are summarized below:

Investment Type	Fair Value	Maturity	
		Less than 1 Year	1 - 5 Years
State Investment Pool	\$ 2,429,742	\$ 2,429,742	\$ 0
MBS	2,165,490	650,901	1,514,589
Money Market	380,041	380,041	0
	<u>\$ 4,975,273</u>	<u>\$ 3,460,684</u>	<u>\$ 1,514,589</u>

At year-end, the cash and cash equivalents reported in the basic financial statements are made up of the following categories:

	Governmental Activities	Agency Funds	Component Unit	Total	Pension Benefit Trust Fund
Cash and cash equivalents	\$ (1,056,793)	\$ 2,550,553	\$ 2,860	\$ 1,496,620	\$ 0
Investments categorized as deposits	4,975,273	0	0	4,975,273	201,620
	<u>\$ 3,918,480</u>	<u>\$ 2,550,553</u>	<u>\$ 2,860</u>	<u>\$ 6,471,893</u>	<u>\$ 201,620</u>

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

2. CASH AND INVESTMENTS (continued)

The following accounts are not recorded on the County's books:

	<u>Book Balance</u>	<u>Bank Balance</u>
Tax Collector	\$ 37,070	\$ 35,720
Tax Collector Trust	17,918	17,954
Public Administrator	5,380	5,380
Civil Case	6,107	16,962
Inmate Trust	3,907	1,711
Sheriff's Narcotics Fund	564	0
	<u>\$ 70,946</u>	<u>\$ 77,727</u>

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2007, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>9/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/07</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 281,230	\$ 0	\$ 0	\$ 281,230
Capital Assets Being Depreciated:				
Buildings and Improvements	8,246,978	0	0	8,246,978
Equipment	3,195,770	298,352	(72,156)	3,421,966
Total Historical Cost	<u>11,442,748</u>	<u>298,352</u>	<u>(72,156)</u>	<u>11,668,944</u>
Less: Accumulated Depreciation				
Buildings and Improvements	3,335,650	196,870	0	3,532,520
Equipment	2,440,468	246,563	(53,733)	2,633,298
Total Acc. Depr.	<u>5,776,118</u>	<u>443,433</u>	<u>(53,733)</u>	<u>6,165,818</u>
Net Depreciable Assets	<u>5,666,630</u>	<u>(145,081)</u>	<u>(18,423)</u>	<u>5,503,126</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 5,947,860</u>	<u>\$ (145,081)</u>	<u>\$ (18,423)</u>	<u>\$ 5,784,356</u>

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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3. CAPITAL ASSETS (continued)

Depreciation expense was charged to the functions of the County as follows:

Governmental Activities:

General Government	\$ 126,620
Public Safety	135,302
Sanitation	3,850
Highways and Streets	160,752
Culture and Recreation	16,909
	<u>\$ 443,433</u>

4. PENSION PLAN

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. Financial reports for the Plan are available on the PERSI web site or in print upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended September 30, 2007, the required contribution rate as a percentage of covered payroll for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/ firefighter members. The County employer contributions required and paid were \$240,772, \$213,569, and \$215,367, for the three years ended September 30, 2007, 2006, and 2005 respectively.

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

5. LONG-TERM OBLIGATIONS

Government-wide Activities:

Bonds and notes payable have been issued to provide funds for the County jail.

The City leases certain equipment under long-term lease agreements. Certain leases have been recorded as municipal leases and others as operating leases. The municipal leases consist of:

Equipment	\$ 469,695
Less: accumulated amortization (included as depreciation on the accompanying financial statements)	<u>(261,818)</u>
	<u>\$ 207,877</u>

Changes in long-term obligations for the year ended September 30, 2007, are as follows:

	Rate	Maturity	10/1/2006	Increases	Decreases	9/30/2007	Current Portion
Governmental Activities:							
Muni Lease - Chipper	6.00%	2008	\$ 41,192	\$ 0	\$ (20,098)	\$ 21,094	\$ 21,094
Muni Lease - Loader	4.25%	2008	7,313	0	(7,313)	0	0
Muni Lease - Loader	4.25%	2008	44,490	0	(21,782)	22,708	22,708
Muni Lease - (2) '05 Pickups	5.00%	2007	13,336	0	(13,336)	0	0
Muni Lease - (3) '06 Pickups	6.00%	2008	42,177	0	(20,474)	21,703	21,703
Muni Lease - (3) '08 Pickups	6.60%	2009	<u>0</u>	<u>76,043</u>	<u>(26,984)</u>	<u>49,059</u>	<u>23,746</u>
			<u>\$ 148,508</u>	<u>\$ 76,043</u>	<u>\$ (109,987)</u>	<u>\$ 114,564</u>	<u>\$ 89,251</u>

Debt service requirements on long-term debt at September 30, 2007, are as follows:

	Municipal Leases		
Year Ending September 30,	Principal	Interest	Total
2008	89,251	6,467	95,718
2009	<u>25,313</u>	<u>1,671</u>	<u>26,984</u>
	<u>\$ 114,564</u>	<u>\$ 8,138</u>	<u>\$ 122,702</u>

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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6. LEASE COMMITMENTS

The County entered into a lease for 40 acres of land on April 26, 2005. The lease is for 120 months ending May 2014.

<u>Year Ending September 30,</u>	<u>Amount</u>
2008	\$ 5,000
2009	5,000
2010	5,000
2011	5,000
2012	5,000
2013-2014	<u>10,000</u>
	<u>\$ 35,000</u>

The County leases a copy machine located at the Marsing Annex. The lease is for 36 months and it is anticipated that the copier will be returned at the end of the lease period, which is April 2008. Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2008	<u>\$ 635</u>

The County leases a copy machine located in the Assessor Office. The lease is for 36 months and it is anticipated that the copier will be returned at the end of the lease period, which is April 2008. Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2008	<u>\$ 297</u>

Rent expenditures for the year ended September 30, 2006, were \$11,460.

7. RISK MANAGEMENT

The County is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

**Owyhee County, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2007

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8. DEFERRED COMPENSATION PLAN (457)

Permanent employees of the County may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until withdrawal at a later date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by Public Employee Benefit Services Corporation (PEBSCO), an unrelated organization. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or to other beneficiary) solely the property of the County subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of their deferred compensation accounts.

The County has no liability for losses under the plan but it does have the obligation of due care in selecting the third party administrator. The County believes it has acted in a prudent manner and that it is unlikely that it will be necessary to use plan assets to satisfy claims of general creditors, which might arise in the future.

9. PRIOR PERIOD ADJUSTMENT

In prior years, the net assets on the governmental funds were understated by \$23,020 due to fixed assets and long-term liabilities being understated by \$63,647 and \$86,667, respectively.

***REQUIRED SUPPLEMENTARY INFORMATION***

**Owyhee County, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 888,773	\$ 888,773	\$ 915,496	\$ 26,723
State Funds	126,236	126,236	126,236	0
Other Revenues	2,987,658	2,987,658	2,331,080	(656,578)
Total Revenues	<u>4,002,667</u>	<u>4,002,667</u>	<u>3,372,812</u>	<u>(629,855)</u>
<b>Expenditures</b>				
Current:				
Salaries	2,297,852	2,297,852	1,841,446	456,406
Benefits	759,522	759,522	591,373	168,149
Operating Expenses	1,219,428	1,219,428	1,025,348	194,080
Debt Service:				
Principal	0	0	60,794	(60,794)
Interest	0	0	3,198	(3,198)
Capital Outlay	225,865	225,865	110,609	115,256
Total Expenditures	<u>4,502,667</u>	<u>4,502,667</u>	<u>3,632,768</u>	<u>869,899</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(259,956)</u>	<u>240,044</u>
<b>Other Financing Sources (Uses)</b>				
Interest Earned	0	0	285,712	285,712
Municipal Lease Proceeds	0	0	76,043	76,043
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>361,755</u>	<u>361,755</u>
Net Change in Fund Balances	(500,000)	(500,000)	101,799	601,799
Fund Balance - Beginning	500,000	500,000	1,576,063	1,076,063
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,677,862</u>	<u>\$ 1,677,862</u>

**Owyhee County, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Road and Bridge  
 For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 66,416	\$ 66,416	\$ 78,853	\$ 12,437
State Funds	8,068	8,068	984,465	976,397
Other Revenues	1,003,870	1,003,870	272,809	(731,061)
Total Revenues	<u>1,078,354</u>	<u>1,078,354</u>	<u>1,336,127</u>	<u>257,773</u>
<b>Expenditures</b>				
Current:				
Salaries	337,965	337,965	308,533	29,432
Benefits	138,989	138,989	124,050	14,939
Operating Expenses	835,400	835,400	734,522	100,878
Capital Outlay	166,000	166,000	158,229	7,771
Total Expenditures	<u>1,478,354</u>	<u>1,478,354</u>	<u>1,325,334</u>	<u>153,020</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>(400,000)</u>	<u>(400,000)</u>	<u>10,793</u>	<u>410,793</u>
<b>Other Financing Sources (Uses)</b>				
Interest Earned	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>				
	(400,000)	(400,000)	10,793	410,793
<b>Fund Balance - Beginning</b>				
	400,000	400,000	835,116	435,116
<b>Fund Balance - Ending</b>				
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 845,909</u>	<u>\$ 845,909</u>

**Owyhee County, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Solid Waste  
 For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 108,957	\$ 108,957	\$ 303,579	\$ 194,622
State Funds	0	0	40,089	40,089
Other Revenues	193,350	193,350	1,972	(191,378)
Total Revenues	<u>302,307</u>	<u>302,307</u>	<u>345,640</u>	<u>43,333</u>
<b>Expenditures</b>				
Current:				
Salaries	68,158	68,158	48,689	19,469
Benefits	15,749	15,749	11,101	4,648
Operating Expenses	244,400	244,400	272,135	(27,735)
Capital Outlay	71,000	71,000	0	71,000
Total Expenditures	<u>399,307</u>	<u>399,307</u>	<u>331,925</u>	<u>67,382</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	<u>(97,000)</u>	<u>(97,000)</u>	<u>13,715</u>	<u>110,715</u>
<b>Other Financing Sources (Uses)</b>				
Interest Earned	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>				
	(97,000)	(97,000)	13,715	110,715
<b>Fund Balance - Beginning</b>				
	97,000	97,000	131,656	34,656
<b>Fund Balance - Ending</b>				
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 145,371</u>	<u>\$ 145,371</u>

**Owyhee County, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2007

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1. BUDGETS AND BUDGETARY ACCOUNTING

Budgets and Budgetary Accounting

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

- A. Prior to September 1, the County Clerk and County Commissioners prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the County Courthouse to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The County is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when Federal or State grants are approved. The County, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for Enterprise Funds may also be revised in the same manner as those situations involving Federal and State grants.
- E. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- F. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
- G. Expenditures may not legally exceed budgeted appropriations at the fund level. The County does not use the encumbrance method of accounting.

***SUPPLEMENTAL INFORMATION***

**Owyhee County, Idaho**  
 Supplemental Schedule of Revenues by Source  
 - Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended September 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Revenue</b>			
Property Taxes	\$ 888,773	\$ 915,496	\$ 26,723
AG Replacement	126,236	126,236	0
Other Revenues	<u>2,987,658</u>	<u>2,331,080</u>	<u>(656,578)</u>
 Total Operating Revenues	 4,002,667	 3,372,812	 (629,855)
 Interest Earned	 <u>0</u>	 <u>285,712</u>	 <u>285,712</u>
 Total Revenue	 <u>\$ 4,002,667</u>	 <u>\$ 3,658,524</u>	 <u>\$ (344,143)</u>

**Owyhee County, Idaho**  
 Supplemental Schedule of Expenditures by Object of Expenditure  
 - Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended September 30, 2007

	Budget	Actual	Variance
<b>Clerk/Auditor</b>			
Salaries	\$ 246,492	\$ 248,378	\$ (1,886)
Benefits	92,255	89,056	3,199
Operating Expenses	6,525	6,736	(211)
Capital Outlay	1,000	0	1,000
	<u>346,272</u>	<u>344,170</u>	<u>2,102</u>
<b>Assessor</b>			
Salaries	154,836	151,136	3,700
Benefits	55,494	49,899	5,595
Operating Expenses	13,000	16,424	(3,424)
Capital Outlay	28,000	4,410	23,590
	<u>251,330</u>	<u>221,869</u>	<u>29,461</u>
<b>Treasurer/Tax Collector</b>			
Salaries	96,702	89,819	6,883
Benefits	33,819	30,217	3,602
Operating Expenses	9,200	7,554	1,646
Capital Outlay	750	0	750
	<u>140,471</u>	<u>127,590</u>	<u>12,881</u>
<b>Sheriff</b>			
Salaries	763,052	552,861	210,191
Benefits	268,229	181,394	86,835
Operating Expenses	347,033	232,888	114,145
Principal	0	60,794	(60,794)
Interest	0	3,198	(3,198)
Capital Outlay	147,500	75,693	71,807
	<u>1,525,814</u>	<u>1,106,828</u>	<u>418,986</u>
<b>Commissioners</b>			
Salaries	63,477	63,476	1
Benefits	26,914	20,162	6,752
Operating Expenses	57,600	39,671	17,929
Capital Outlay	0	7,000	(7,000)
	<u>147,991</u>	<u>130,309</u>	<u>17,682</u>
<b>Coroner</b>			
Salaries	12,835	12,973	(138)
Benefits	7,408	6,987	421
Operating Expenses	50,300	19,136	31,164
Capital Outlay	0	23,506	(23,506)
	<u>70,543</u>	<u>62,602</u>	<u>7,941</u>

**Owyhee County, Idaho**  
 Supplemental Schedule of Expenditures by Object of Expenditure  
 - Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended September 30, 2007  
 (continued)

	Budget	Actual	Variance
<b>Prosecuting Attorney</b>			
Salaries	239,207	161,827	77,380
Benefits	30,373	29,304	1,069
Operating Expenses	14,735	11,964	2,771
Capital Outlay	615	0	615
	<u>284,930</u>	<u>203,095</u>	<u>81,835</u>
<b>Buildings and Grounds</b>			
Salaries	31,892	31,491	401
Benefits	12,040	11,371	669
Operating Expenses	60,960	43,807	17,153
Capital Outlay	23,000	0	23,000
	<u>127,892</u>	<u>86,669</u>	<u>41,223</u>
<b>Civil Defense</b>			
Salaries	12,700	9,229	3,471
Benefits	1,499	1,096	403
Operating Expenses	9,500	19,987	(10,487)
Capital Outlay	19,000	0	19,000
	<u>42,699</u>	<u>30,312</u>	<u>12,387</u>
<b>County Agent</b>			
Salaries	48,889	47,805	1,084
Benefits	10,970	10,138	832
Operating Expenses	39,700	39,887	(187)
Capital Outlay	5,000	0	5,000
	<u>104,559</u>	<u>97,830</u>	<u>6,729</u>
<b>Elections</b>			
Salaries	8,700	8,466	234
Operating Expenses	8,500	8,004	496
	<u>17,200</u>	<u>16,470</u>	<u>730</u>
<b>Building Department</b>			
Salaries	61,100	62,111	(1,011)
Benefits	15,980	14,918	1,062
Operating Expenses	12,100	7,099	5,001
	<u>89,180</u>	<u>84,128</u>	<u>5,052</u>

**Owyhee County, Idaho**  
 Supplemental Schedule of Expenditures by Object of Expenditure  
 - Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended September 30, 2007  
 (continued)

	Budget	Actual	Variance
<b>Planning and Zoning</b>			
Salaries	74,367	47,380	26,987
Benefits	20,315	15,167	5,148
Operating Expenses	14,595	50,189	(35,594)
	<u>109,277</u>	<u>112,736</u>	<u>(3,459)</u>
<b>General</b>			
Operating Expenses	302,380	268,698	33,682
	<u>302,380</u>	<u>268,698</u>	<u>33,682</u>
<b>Technology</b>			
Operating Expenses	131,300	111,466	19,834
	<u>131,300</u>	<u>111,466</u>	<u>19,834</u>
<b>Jail</b>			
Salaries	483,603	354,494	129,109
Benefits	184,226	131,664	52,562
Operating Expenses	142,000	141,838	162
Capital Outlay	1,000	0	1,000
	<u>810,829</u>	<u>627,996</u>	<u>182,833</u>
<b>Total Expenditures</b>	<u>\$ 4,502,667</u>	<u>\$ 3,632,768</u>	<u>\$ 869,899</u>

**Owyhee County, Idaho**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 For the Year Ended September 30, 2007

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 63,624	\$ 68,536	\$ 192,579	\$ 13,054	\$ 16,592
Property Taxes Receivable	3	1,985	2,495	1,241	1,921
Prepaid Expenses	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 63,627</b>	<b>\$ 70,521</b>	<b>\$ 195,074</b>	<b>\$ 14,295</b>	<b>\$ 18,513</b>
<b>Liabilities</b>					
Salaries and Benefits Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Warrants and Accounts Payable	0	0	15,943	0	0
Deferred Revenue	3	1,558	1,956	977	1,510
<b>Total Liabilities</b>	<b>3</b>	<b>1,558</b>	<b>17,899</b>	<b>977</b>	<b>1,510</b>
<b>Fund Balances</b>					
Fund Balances - Unreserved	63,624	68,963	177,175	13,318	17,003
<b>Total Fund Balances</b>	<b>63,624</b>	<b>68,963</b>	<b>177,175</b>	<b>13,318</b>	<b>17,003</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 63,627</b>	<b>\$ 70,521</b>	<b>\$ 195,074</b>	<b>\$ 14,295</b>	<b>\$ 18,513</b>

Health County	Historical Society	Indigent and Charity	Junior College	Pest	Subtotal
\$ 11,671	\$ 23,012	\$ 92,890	\$ 109,280	\$ 10,129	\$ 601,367
1,641	2,200	5,550	0	395	17,431
0	431	0	0	0	431
<u>\$ 13,312</u>	<u>\$ 25,643</u>	<u>\$ 98,440</u>	<u>\$ 109,280</u>	<u>\$ 10,524</u>	<u>\$ 619,229</u>
\$ 0	\$ 1,210	\$ 0	\$ 0	\$ 0	\$ 1,210
4,032	5,853	13,053	5,700	18	44,599
1,291	1,729	4,356	0	0	13,380
<u>5,323</u>	<u>8,792</u>	<u>17,409</u>	<u>5,700</u>	<u>18</u>	<u>59,189</u>
<u>7,989</u>	<u>16,851</u>	<u>81,031</u>	<u>103,580</u>	<u>10,506</u>	<u>560,040</u>
<u>7,989</u>	<u>16,851</u>	<u>81,031</u>	<u>103,580</u>	<u>10,506</u>	<u>560,040</u>
<u>\$ 13,312</u>	<u>\$ 25,643</u>	<u>\$ 98,440</u>	<u>\$ 109,280</u>	<u>\$ 10,524</u>	<u>\$ 619,229</u>

**Owyhee County, Idaho**  
Combining Balance Sheet - Nonmajor Governmental Funds  
For the Year Ended September 30, 2007  
(continued)

	Subtotal	Revaluation	Tort	Veterans Memorial	Warrant Redemption
<b>Assets</b>					
Cash and Cash Equivalents	\$ 601,367	\$ 73,277	\$ 29,122	\$ 496	\$ 43,247
Property Taxes Receivable	17,431	6,607	3,236	38	0
Prepaid Expenses	431	1,266	0	0	0
<b>Total Assets</b>	<b>\$ 619,229</b>	<b>\$ 81,150</b>	<b>\$ 32,358</b>	<b>\$ 534</b>	<b>\$ 43,247</b>
<b>Liabilities</b>					
Salaries and Benefits Payable	\$ 1,210	\$ 7,361	\$ 0	\$ 0	\$ 0
Warrants and Accounts Payable	44,599	1,930	0	0	0
Deferred Revenue	13,380	5,184	2,542	30	0
<b>Total Liabilities</b>	<b>59,189</b>	<b>14,475</b>	<b>2,542</b>	<b>30</b>	<b>0</b>
<b>Fund Balances</b>					
Fund Balances - Unreserved	560,040	66,675	29,816	504	43,247
<b>Total Fund Balances</b>	<b>560,040</b>	<b>66,675</b>	<b>29,816</b>	<b>504</b>	<b>43,247</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 619,229</b>	<b>\$ 81,150</b>	<b>\$ 32,358</b>	<b>\$ 534</b>	<b>\$ 43,247</b>

Weeds	Probation	911	Flood Disaster	Total
\$ 48,479	\$ 36,666	\$ 162,639	\$ 0	\$ 995,293
1,408	3,791	0	0	32,511
841	1,294	0	0	3,832
<u>\$ 50,728</u>	<u>\$ 41,751</u>	<u>\$ 162,639</u>	<u>\$ 0</u>	<u>\$ 1,031,636</u>
\$ 2,811	\$ 9,765	\$ 0	\$ 0	\$ 21,147
5,548	7,182	1,605	0	60,864
1,107	0	0	0	22,243
<u>9,466</u>	<u>16,947</u>	<u>1,605</u>	<u>0</u>	<u>104,254</u>
<u>41,262</u>	<u>24,804</u>	<u>161,034</u>	<u>0</u>	<u>927,382</u>
<u>41,262</u>	<u>24,804</u>	<u>161,034</u>	<u>0</u>	<u>927,382</u>
<u>\$ 50,728</u>	<u>\$ 41,751</u>	<u>\$ 162,639</u>	<u>\$ 0</u>	<u>\$ 1,031,636</u>

**Owyhee County, Idaho**  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Nonmajor Governmental Funds  
For the Year Ended September 30, 2007

	Airport	Bond Redemption	County Court	County Fair
<b>Revenues</b>				
Property Taxes	\$ 162	\$ 4,715	\$ 48,552	\$ 30,847
State Funds	0	0	36,906	11,248
Other Revenues	0	0	39,970	0
<b>Total Revenues</b>	<u>162</u>	<u>4,715</u>	<u>125,428</u>	<u>42,095</u>
<b>Expenditures</b>				
Salaries	0	0	0	0
Benefits	0	0	0	0
Operating Expenses	3,173	15,000	106,576	32,500
Capital Outlay	0	0	0	0
<b>Total Expenditures</b>	<u>3,173</u>	<u>15,000</u>	<u>106,576</u>	<u>32,500</u>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources</b>	<u>(3,011)</u>	<u>(10,285)</u>	<u>18,852</u>	<u>9,595</u>
<b>Other Financing Sources (Uses)</b>				
Interest Earned	0	0	0	0
<b>Total Other Financing Sources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(3,011)</u>	<u>(10,285)</u>	<u>18,852</u>	<u>9,595</u>
<b>Fund Balances - Beginning</b>	<u>66,635</u>	<u>79,248</u>	<u>158,323</u>	<u>3,723</u>
<b>Fund Balances - Ending</b>	<u>\$ 63,624</u>	<u>\$ 68,963</u>	<u>\$ 177,175</u>	<u>\$ 13,318</u>

	Fair Grounds	Health County	Historical Society	Indigent and Charity	Junior College	Subtotal
\$	38,898	\$ 27,793	\$ 51,658	\$ 63,108	\$ 0	\$ 265,733
	13,969	9,842	19,642	21,186	22,173	134,966
	0	0	0	95,522	0	135,492
	52,867	37,635	71,300	179,816	22,173	536,191
	0	0	29,970	600	0	30,570
	0	0	10,541	300	0	10,841
	32,496	49,716	20,933	268,636	18,000	547,030
	17,014	0	0	0	0	17,014
	49,510	49,716	61,444	269,536	18,000	605,455
	3,357	(12,081)	9,856	(89,720)	4,173	(69,264)
	0	0	0	0	0	0
	0	0	0	0	0	0
	3,357	(12,081)	9,856	(89,720)	4,173	(69,264)
	13,646	20,070	6,995	170,751	99,407	618,798
\$	17,003	\$ 7,989	\$ 16,851	\$ 81,031	\$ 103,580	\$ 549,534

**Owyhee County, Idaho**  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Nonmajor Governmental Funds  
For the Year Ended September 30, 2007  
(continued)

	Subtotal	Pest	Revaluation	Tort
<b>Revenues</b>				
Property Taxes	\$ 265,733	\$ 9,113	\$ 133,365	\$ 74,229
State Funds	134,966	0	47,870	26,969
Other Revenues	135,492	3,296	11	442
<b>Total Revenues</b>	<b>536,191</b>	<b>12,409</b>	<b>181,246</b>	<b>101,640</b>
<b>Expenditures</b>				
Salaries	30,570	0	101,846	0
Benefits	10,841	0	38,321	0
Operating Expenses	547,030	6,567	23,019	111,250
Capital Outlay	17,014	0	12,500	0
<b>Total Expenditures</b>	<b>605,455</b>	<b>6,567</b>	<b>175,686</b>	<b>111,250</b>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources</b>	<b>(69,264)</b>	<b>5,842</b>	<b>5,560</b>	<b>(9,610)</b>
<b>Other Financing Sources (Uses)</b>				
Interest Earned	0	0	0	0
<b>Total Other Financing Sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(69,264)</b>	<b>5,842</b>	<b>5,560</b>	<b>(9,610)</b>
<b>Fund Balances - Beginning</b>	<b>618,798</b>	<b>4,664</b>	<b>61,115</b>	<b>39,426</b>
<b>Fund Balances - Ending</b>	<b>\$ 549,534</b>	<b>\$ 10,506</b>	<b>\$ 66,675</b>	<b>\$ 29,816</b>

Veterans Memorial	Warrant Redemption	Weeds	Probation	911	Flood Disaster	Total
\$ 636	\$ 0	\$ 31,322	\$ 59,633	\$ 0	\$ 0	\$ 574,031
227	0	11,129	0	0	0	221,161
0	0	64,063	103,618	113,920	402,569	823,411
863	0	106,514	163,251	113,920	402,569	1,618,603
0	0	49,243	117,721	0	0	299,380
0	0	21,221	45,603	0	0	115,986
900	0	33,577	31,077	39,262	402,569	1,195,251
0	0	0	0	0	0	29,514
900	0	104,041	194,401	39,262	402,569	1,640,131
(37)	0	2,473	(31,150)	74,658	0	(21,528)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(37)	0	2,473	(31,150)	74,658	0	(21,528)
541	43,247	38,789	55,954	86,376	0	948,910
\$ 504	\$ 43,247	\$ 41,262	\$ 24,804	\$ 161,034	\$ 0	\$ 927,382

**Owyhee County, Idaho**  
 Combining Statement of Fiduciary Assets and Liabilities  
 September 30, 2007

	State of Idaho	Special Taxing County	Miscellaneous Trust	Sensitive Species Research
<b>Assets</b>				
Cash and Cash Equivalents	\$ 57,039	\$ 112,523	\$ 1,747,829	\$ 15,915
Property Taxes Receivable	0	175,493	0	0
<b>Total Assets</b>	<b>\$ 57,039</b>	<b>\$ 288,016</b>	<b>\$ 1,747,829</b>	<b>\$ 15,915</b>
<b>Liabilities</b>				
Warrants and Accounts Payable	0	10,434	320,550	0
Due to Other Funds or Taxing Units	57,039	277,582	1,427,279	15,915
<b>Total Liabilities</b>	<b>\$ 57,039</b>	<b>\$ 288,016</b>	<b>\$ 1,747,829</b>	<b>\$ 15,915</b>

Community Guardians	911 Trust Account	Hazardous Waste	Owyhee County Initiative	Total
\$ 0	\$ 102,615	\$ 510,961	\$ 3,671	\$ 2,550,553
0	0	0	0	175,493
<u>\$ 0</u>	<u>\$ 102,615</u>	<u>\$ 510,961</u>	<u>\$ 3,671</u>	<u>\$ 2,726,046</u>

0	0	0	0	330,984
0	102,615	510,961	3,671	2,395,062
<u>\$ 0</u>	<u>\$ 102,615</u>	<u>\$ 510,961</u>	<u>\$ 3,671</u>	<u>\$ 2,726,046</u>

***FEDERAL REPORTS***

**Owyhee County, Idaho**  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2007

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Interior</u>		
Passed through State Department of Historical Society Historic Preservation Fund Grants	15.904	2,700
Total U.S. Department of Interior		2,700
<u>U.S. Department of Housing and Urban Development</u>		
Passed through State Department of Commerce and Labor Community Development Block Grant	14.228	50,756
Total U.S. Department of Housing and Urban Development		50,756
<u>U.S. Department of Justice</u>		
Passed through State Department of Juvenile Corrections Juvenile Accountability Incentive Block Grant	16.523	26,508
Juvenile Justice and Delinquency Prevention A	16.540	17,104
Passed through Idaho State Police Department Edward Byrne Memorial Justice Assistance	16.738	6,381
Total U.S. Department of Justice		49,993
<u>U.S. Department of Homeland Security</u>		
Passed through State Department of Military Division State Domestic Preparedness Equipment Support	97.004	32,167
Pre Disaster Mitigation Competitive Grant	97.017	10,815
Emergency Management Performance Grant	97.042	4,091
Disaster Grants Public Assistance	97.036	681,034
Homeland Security Grant Program	97.067	59,998
Passed through State Department of Parks and Recreation Boating Safety Financial Assistance	97.012	11,816
Total U.S. Department of Homeland Security		799,921
 Total Federal Financial Assistance		 \$ 903,370

NOTE: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

**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 County Commissioners  
Owyhee County  
Murphy, Idaho

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Owyhee County, Idaho** as of and for the year ended September 30, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Owyhee County, Idaho's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 material misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not

be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. 07-1

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to the management **Owyhee County, Idaho**, in a separate letter dated May 21, 2008.

The County's response to the findings identified in our audit is described in the accompanying corrective action plan. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bailey & Co.*

Nampa, Idaho  
May 21, 2008

**Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

Board of County Commissioners  
Owyhee County  
Murphy, Idaho

Compliance

We have audited the compliance of **Owyhee County, Idaho** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. **Owyhee County, Idaho's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Owyhee County, Idaho's** management. Our responsibility is to express an opinion on **Owyhee County, Idaho's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Owyhee County, Idaho's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **Owyhee County, Idaho's** compliance with those requirements.

In our opinion **Owyhee County, Idaho** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

### Internal Control Over Compliance

The management of **Owyhee County, Idaho** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Owyhee County, Idaho's** internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bailey & Co.*

Nampa, Idaho  
May 21, 2008

**Owyhee County, Idaho**  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2007

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

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

Noncompliance material to financial statements noted?  yes  no

Significant deficiency(ies) identified that are not considered material weaknesses?  yes  none reported

*Federal Awards*

Internal Control over major programs:

Noncompliance material to financial statements noted?  yes  no

Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

CFDA Numbers

Name of Federal Program

97.036

Disaster Grants Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low risk auditee?  yes  no

## **Section II - Financial Statement Findings**

### 07-1: Preparation of Financial Statements

**Criteria:**

SAS No. 112 requires the County to have a person with the skill and knowledge to apply generally accepted accounting principles.

**Condition:**

Statement of Auditing Standards No. 112 places the responsibility on management for the preparation of the County's annual financial statements and footnotes in accordance with generally accepted accounting principles (GAAP). As auditors, we were requested to draft the annual financial statements and footnotes from client prepared reports.

**Cause:**

This situation is common in counties this size and is a direct result of the cost/benefit of hiring personnel with the required qualifications.

**Effect:**

The lack of an individual with this knowledge could cause a misstatement in the annual financial statements and footnotes to go undetected.

**Recommendation:**

The County should look at the costs and benefits of training someone with the necessary skills and knowledge to prepare the annual financial statements.

**Response:**

See Corrective Action Plan.

## **Section III - Findings and Questioned Costs for Federal Awards**

No matters reported.

**Owyhee County, Idaho**  
Corrective Action Plan  
For the Year Ended September 30, 2007

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07-1: Preparation of Financial Statements

The County will research the cost and benefits of training someone with the skills and knowledge necessary to prepare annual financial statements including footnotes and, if possible, implement those changes accordingly. If there are any questions regarding this plan, please contact the County Clerk at (208) 495-2421.