

OWYHEE COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2008

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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**, as of and for the year ended September 30, 2008, 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 the 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, 2008, and the respective changes in financial position thereof 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 January 23, 2009, 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 important for assessing the results of our audit.

The budgetary comparison information on pages 28 through 32 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 of America 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 33 to 41) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental 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
January 23, 2009

Owyhee County, Idaho
Statement of Net Assets
September 30, 2008

	Primary Government		Component Unit
	Governmental Activities	Total	
Assets			
Cash and Cash Equivalents	\$ 3,623,532	\$ 3,623,532	\$ 281
Receivables, Net:			
Property Taxes	144,539	144,539	0
Prepaid Expenses	30,807	30,807	0
Capital Assets:			
Land	626,628	626,628	0
Depreciable Buildings, Property, and Equipment, Net	5,595,879	5,595,879	0
Total Capital Assets	<u>6,222,507</u>	<u>6,222,507</u>	<u>0</u>
Total Assets	<u>10,021,385</u>	<u>10,021,385</u>	<u>281</u>
Liabilities			
Accounts Payable and Other Current Liabilities	459,549	459,549	0
Accrued Interest	975	975	0
Long-Term Liabilities:			
Due within One Year:			
Leases Payable	25,313	25,313	0
Compensated Absences	74,428	74,428	0
Due in More than One Year:			
Leases Payable	0	0	0
Compensated Absences	36,205	36,205	0
Total Liabilities	<u>596,470</u>	<u>596,470</u>	<u>0</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,197,194	6,197,194	0
Restricted for:			
Debt Service	60,414	60,414	0
Unrestricted (Deficit) Surplus	3,167,307	3,167,307	281
Total Net Assets	<u>\$ 9,424,915</u>	<u>\$ 9,424,915</u>	<u>\$ 281</u>

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

Owyhee County, Idaho
Statement of Activities
For the Year Ended September 30, 2008

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,311,357	\$ 0	\$ 54,466	\$ 0
Public Safety	2,287,911	0	0	0
Highways and Streets	1,508,750	0	0	0
Sanitation	270,991	0	0	0
Health	50,352	0	0	0
Welfare	283,917	0	0	0
Education	11,450	0	0	0
Culture and Recreation	136,133	0	0	0
Interest on Long-Term Debt	3,384	0	0	0
Total Governmental Activities	<u>6,864,245</u>	<u>0</u>	<u>54,466</u>	<u>0</u>
Total Primary Government	<u>\$ 6,864,245</u>	<u>\$ 0</u>	<u>\$ 54,466</u>	<u>\$ 0</u>
Component Unit:				
Owyhee County Fair Board	<u>\$ 40,732</u>	<u>\$ 12,262</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, 2008

	General	Road and Bridge	Solid Waste
Assets			
Cash and Cash Equivalents	\$ 1,561,885	\$ 612,190	\$ 243,980
Property Taxes Receivable, Net	59,545	2,898	19,201
Prepaid Expenses	24,739	2,799	28
Internal Balances	0	0	0
Total Assets	\$ 1,646,169	\$ 617,887	\$ 263,209
 Liabilities and Fund Balances			
Liabilities:			
Salaries and Benefits Payable	\$ 61,370	\$ 20,908	\$ 2,043
Internal Balances	0	0	0
Warrants and Accounts Payable	116,905	104,206	44,062
Deferred Revenue	46,639	2,275	15,065
Total Liabilities	224,914	127,389	61,170
 Fund Balances:			
Unreserved:			
General Fund	1,421,255	0	0
Special Revenue	0	490,498	202,039
Total Fund Balance	1,421,255	490,498	202,039
 Total Liabilities and Fund Balances	 \$ 1,646,169	 \$ 617,887	 \$ 263,209

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental</u>		<u>Total</u>	<u>Component</u>
<u>Activities</u>			<u>Unit</u>
\$	(2,256,891)	\$ (2,256,891)	\$ 0
	(2,287,911)	(2,287,911)	0
	(1,508,750)	(1,508,750)	0
	(270,991)	(270,991)	0
	(50,352)	(50,352)	0
	(283,917)	(283,917)	0
	(11,450)	(11,450)	0
	(136,133)	(136,133)	0
	(3,384)	(3,384)	0
	<u>(6,809,779)</u>	<u>(6,809,779)</u>	<u>0</u>
		0	
	<u>(6,809,779)</u>	<u>(6,809,779)</u>	<u>0</u>
			<u>\$ (28,470)</u>
	2,419,970	2,419,970	22,975
	1,303,917	1,303,917	0
	2,853,052	2,853,052	2,915
	171,858	171,858	1
	41,218	41,218	0
	<u>6,790,015</u>	<u>6,790,015</u>	<u>25,891</u>
	<u>(19,764)</u>	<u>(19,764)</u>	<u>(2,579)</u>
	9,340,178	9,340,178	2,860
	104,501	104,501	0
<u>\$</u>	<u>9,424,915</u>	<u>\$ 9,424,915</u>	<u>\$ 281</u>

Owyhee County, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2008

	General	Road and Bridge	Solid Waste
Revenues			
Property Taxes	\$ 1,156,711	\$ 78,683	\$ 354,346
State Funds	126,236	967,409	39,475
Other Revenues	2,210,739	69,600	2,202
Total Revenues	<u>3,493,686</u>	<u>1,115,692</u>	<u>396,023</u>
Expenditures			
Current:			
General Government	1,811,595	0	0
Public Safety	2,084,933	0	0
Highways and Streets	0	1,320,815	0
Sanitation	0	0	134,841
Health	0	0	0
Welfare	0	0	0
Education	0	0	0
Culture and Recreation	0	0	0
Debt Service:			
Principal	45,449	43,802	0
Interest	4,540	1,927	0
Capital Outlay	70,513	169,984	204,513
Total Expenditures	<u>4,017,030</u>	<u>1,536,528</u>	<u>339,354</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(523,344)</u>	<u>(420,836)</u>	<u>56,669</u>
Other Financing Sources (Uses)			
Interest Earned	171,858	0	0
Disposition of Assets	19,500	45,000	0
Total Other Financing Sources (Uses)	<u>191,358</u>	<u>45,000</u>	<u>0</u>
Net Change in Fund Balances	(331,986)	(375,836)	56,669
Fund Balances - Beginning	1,677,862	845,909	145,370
Prior Period Adjustment	75,379	20,425	0
Fund Balances - Ending	<u>\$ 1,421,255</u>	<u>\$ 490,498</u>	<u>\$ 202,039</u>

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

Indigent and Charity	Other Governmental Funds	Total Governmental Funds
\$ 235,188	\$ 970,289	\$ 3,623,532
10,385	52,510	144,539
0	3,241	30,807
0	708	708
<u>\$ 245,573</u>	<u>\$ 1,026,748</u>	<u>\$ 3,799,586</u>

\$ 0	\$ 13,944	\$ 98,265
0	708	708
51,931	44,180	361,284
7,436	24,131	95,546
<u>59,367</u>	<u>82,963</u>	<u>555,803</u>

0	0	1,421,255
<u>186,206</u>	<u>943,785</u>	<u>1,822,528</u>
<u>186,206</u>	<u>943,785</u>	<u>3,243,783</u>
<u>\$ 245,573</u>	<u>\$ 1,026,748</u>	<u>\$ 3,799,586</u>

Owyhee County, Idaho
 Reconciliation of the Governmental Funds' Balance
 Sheet to the Statement of Net Assets
 September 30, 2008

		Total Governmental Funds
Total Fund Balances - Governmental Funds	\$	3,243,783
<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	\$	626,628
Buildings and Improvements, Net of \$3,730,188 Accumulated Depreciation		4,832,322
Equipment, Net of \$2,745,380 Accumulated Depreciation		763,557
		6,222,507
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.		95,546
<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		(975)
Municipal Leases Payable		(25,313)
Compensated Absences		(110,633)
Net Assets of Governmental Activities	\$	9,424,915

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

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds
Assets					
Cash and Cash Equivalents	\$ 47,810	\$ 60,382	\$ 227,325	\$ 3,864	\$ 3,410
Property Taxes Receivable	0	520	2,729	1,412	3,311
Prepaid Expenses	0	0	0	0	0
Internal Balances	0	0	0	0	0
Total Assets	\$ 47,810	\$ 60,902	\$ 230,054	\$ 5,276	\$ 6,721
Liabilities					
Salaries and Benefits Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Internal Balances	0	0	0	0	0
Warrants and Accounts Payable	0	0	5,528	9,095	0
Deferred Revenue	0	488	2,134	1,110	2,599
Total Liabilities	0	488	7,662	10,205	2,599
Fund Balances					
Fund Balances - Unreserved	47,810	60,414	222,392	(4,929)	4,122
Total Fund Balances	47,810	60,414	222,392	(4,929)	4,122
Total Liabilities and Fund Balances	\$ 47,810	\$ 60,902	\$ 230,054	\$ 5,276	\$ 6,721

Owyhee County, Idaho
 Combining Balance Sheet - Nonmajor Governmental Funds
 For the Year Ended September 30, 2008
 (continued)

	Subtotal	Revaluation	Tort	Veterans Memorial	Warrant Redemption
Assets					
Cash and Cash Equivalents	\$ 480,873	\$ 99,098	\$ 61,009	\$ 687	\$ 5,740
Property Taxes Receivable	11,832	7,253	4,387	45	0
Prepaid Expenses	466	933	0	0	0
Internal Balances	0	0	0	0	0
Total Assets	\$ 493,171	\$ 107,284	\$ 65,396	\$ 732	\$ 5,740
Liabilities					
Salaries and Benefits Payable	\$ 1,210	\$ 3,691	\$ 0	\$ 0	\$ 0
Internal Balances	0	0	0	0	0
Warrants and Accounts Payable	20,561	2,342	770	300	0
Deferred Revenue	9,351	5,691	3,445	29	0
Total Liabilities	31,122	11,724	4,215	329	0
Fund Balances					
Fund Balances - Unreserved	462,049	95,560	61,181	403	5,740
Total Fund Balances	462,049	95,560	61,181	403	5,740
Total Liabilities and Fund Balances	\$ 493,171	\$ 107,284	\$ 65,396	\$ 732	\$ 5,740

Indigent and Charity	Other Governmental Funds	Total Governmental Funds
\$ 225,324	\$ 587,295	\$ 2,402,359
22,168	203,095	1,358,383
141,601	428,910	2,853,052
<u>389,093</u>	<u>1,219,300</u>	<u>6,613,794</u>
0	624,620	2,436,215
0	64,805	2,149,738
0	0	1,320,815
0	132,300	267,141
0	50,352	50,352
283,917	0	283,917
0	11,450	11,450
0	117,720	117,720
0	0	89,251
0	0	6,467
0	131,317	576,327
<u>283,917</u>	<u>1,132,564</u>	<u>7,309,393</u>
<u>105,176</u>	<u>86,736</u>	<u>(695,599)</u>
0	0	171,858
0	2,000	66,500
0	2,000	238,358
105,176	88,736	(457,241)
81,030	846,352	3,596,523
0	8,697	104,501
<u>\$ 186,206</u>	<u>\$ 943,785</u>	<u>\$ 3,243,783</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, 2008

Total Net Change in Fund Balance - Governmental Funds \$ (457,241)

Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:

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 capital outlays (\$930,645) exceeds depreciation expense (\$467,198) in the period. 463,447

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. 17,611

The change in accrued interest on long-term debt. 3,083

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. (25,282)

Repayment of municipal leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 89,251

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences. (110,633)

Change in Net Assets of Governmental Activities \$ (19,764)

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

Owyhee County, Idaho
Statement of Fiduciary Net Assets - Fiduciary Funds
September 30, 2008

	Agency Funds	Pension Benefit Trust Fund	Total
Assets			
Cash and Investments	\$ 2,051,681	\$ 178,426	\$ 2,230,107
Property Taxes Receivable	185,851	0	185,851
Total Assets	\$ 2,237,532	178,426	\$ 2,415,958
 Liabilities			
Warrants and Accounts Payable	\$ 191,615	0	\$ 191,615
Due to Other Funds or Taxing Units	2,045,917	0	2,045,917
Total Liabilities	\$ 2,237,532	0	2,237,532
 Net Assets Held in Trust		\$ 178,426	\$ 178,426

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, 2008

	Pension Benefit Trust Fund
Additions	
Contributions	\$ 21,139
Total Contributions	21,139
Investment Income:	
Net Increase (Decrease) in Fair Value of Investments	(33,515)
Less: Investment Expense	(1,355)
Net Investment Income	(34,870)
Total Additions	(13,731)
Deductions	
Withdrawals	9,463
Total Deductions	9,463
Change in Net Assets	(23,194)
Net Assets - Beginning	201,620
Net Assets - Ending	\$ 178,426

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

Owyhee County, Idaho
Balance Sheet -
Component Unit
September 30, 2008

	<u>Fair Board</u>
Assets	
Cash and Cash Equivalents	\$ 281
Total Assets	<u>\$ 281</u>
Liabilities	
Accounts Payable and Other Current Liabilities	\$ 0
Total Liabilities	<u>0</u>
Fund Balance	
Unreserved	<u>281</u>
Total Liabilities and Fund Balance	<u>\$ 281</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, 2008

	Fair Board
Revenues	
Property Taxes	\$ 22,975
Charges for Services	12,262
Miscellaneous	2,915
Total Revenues	38,152
 Expenses	
Current:	
Salaries	4,851
Operating Expenses	35,881
Insurance	0
Total Expenses	40,732
 Excess (Deficiency) of Revenues Over Expenditures	(2,580)
 Other Financing Sources (Uses)	
Interest Earned	1
Total Other Financing Sources (Uses)	1
 Net Change in Net Assets	(2,579)
 Fund Balance - Beginning	2,860
Fund Balance - Ending	\$ 281

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Owyhee County, Idaho (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, 2008

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 if applicable. 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.
- *Indigent and Charity fund.* This fund accounts for all medical payments on behalf of county citizens who are not able to pay for themselves.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, Nonexpendable Trust, Pension Trust, and Agency Funds. Of the four categories, **Owyhee County, Idaho** 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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2008.

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.

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, 2008, the carrying amount of the County's deposits was \$1,618,382 and the respective bank balances totaled \$853,862. Of the total bank balance, \$851,710 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, 2008, 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 Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The County does not have a formal policy limiting its custodial credit risk.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

2. CASH AND INVESTMENTS (continued)

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.

Investments

The County voluntarily participates in the State of Idaho Investment Pool which was rated AA+ by Standard and Poor's Rating Services. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the County's investment in the pool is the same as the value of the pool shares.

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.

The County's investments at September 30, 2008, are summarized below:

Investment Type	Fair Value	Maturity	
		Less than 1 Year	1 - 5 Years
State Investment Pool	\$ 1,506,535	\$ 1,506,535	\$ 0
Securities	2,342,791	2,342,791	0
Money Market	225,935	225,935	0
	<u>\$ 4,075,261</u>	<u>\$ 4,075,261</u>	<u>\$ 0</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	\$ (451,729)	\$ 2,051,681	\$ 281	\$ 1,600,233	\$ 0
Investments categorized as deposits	4,075,261	0	0	4,075,261	178,426
	<u>\$ 3,623,532</u>	<u>\$ 2,051,681</u>	<u>\$ 281</u>	<u>\$ 5,675,494</u>	<u>\$ 178,426</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

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	\$ 9,765	\$ 40,403
Tax Collector Trust	19,637	19,637
Public Administrator	1,290	1,290
Civil Case	3,553	7,041
Inmate Trust	1,502	4,124
Sheriff's Narcotics Fund	1,989	0
	<u>\$ 37,736</u>	<u>\$ 72,495</u>

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2008, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>9/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/08</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 626,628	\$ 0	\$ 0	\$ 626,628
Capital Assets Being Depreciated:				
Buildings and Improvements	8,562,510	0	0	8,562,510
Equipment	2,761,036	930,645	182,744	3,508,937
Total Historical Cost	<u>11,323,546</u>	<u>930,645</u>	<u>182,744</u>	<u>12,071,447</u>
Less: Accumulated Depreciation				
Buildings and Improvements	3,532,520	197,668	0	3,730,188
Equipment	2,633,312	269,530	157,462	2,745,380
Total Acc. Depr.	<u>6,165,832</u>	<u>467,198</u>	<u>157,462</u>	<u>6,475,568</u>
Net Depreciable Assets	<u>5,157,714</u>	<u>463,447</u>	<u>25,282</u>	<u>5,595,879</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 5,784,342</u>	<u>\$ 463,447</u>	<u>\$ 25,282</u>	<u>\$ 6,222,507</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

3. CAPITAL ASSETS (continued)

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

Governmental Activities:

General Government	\$ 118,827
Public Safety	138,173
Sanitation	3,850
Highways and Streets	187,935
Culture and Recreation	18,413
	<u>\$ 467,198</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. After 5 years of credit 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.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of the County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2008, the required contribution rate as a percentage of covered payrolls 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 \$275,840, \$240,772, and \$213,569 for the three years ended September 30, 2008, 2007, and 2006, respectively.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

5. LONG-TERM OBLIGATIONS

Governmental Activities:

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	\$ 360,809
Less: accumulated amortization (included as depreciation on the accompanying financial statements)	<u>(253,042)</u>
	<u>\$ 107,767</u>

Changes in long-term obligations for the year ended September 30, 2008, are as follows:

	<u>Rate</u>	<u>Maturity</u>	<u>10/1/2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/2008</u>	<u>Current Portion</u>
Governmental Activities:							
Muni Lease - Chipper	6.00%	2008	\$ 21,094	\$ 0	\$ (21,094)	\$ 0	\$ 0
Muni Lease - Loader	4.25%	2008	22,708	0	(22,708)	0	0
Muni Lease - (3) 2006 Pickups	6.00%	2008	21,703	0	(21,703)	0	0
Muni Lease - (3) 2008 Pickups	6.60%	2009	49,059	0	(23,746)	25,313	25,313
			<u>\$ 114,564</u>	<u>\$ 0</u>	<u>\$ (89,251)</u>	<u>\$ 25,313</u>	<u>\$ 25,313</u>

Debt service requirements on long-term debt at September 30, 2008, are as follows:

Year Ending <u>September 30,</u>	Municipal Leases		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	<u>25,313</u>	<u>1,671</u>	<u>26,984</u>
	<u>\$ 25,313</u>	<u>\$ 1,671</u>	<u>\$ 26,984</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

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.

Year Ending September 30,	Amount
2009	\$ 5,000
2010	5,000
2011	5,000
2012	5,000
2013-2014	10,000
	\$ 30,000

Rent expenditures for the year ended September 30, 2008, were \$9,610.

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.

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2008

8. DEFERRED COMPENSATION PLAN (457) (continued)

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 \$104,501 due to compensated absences being overstated by the same amount.

10. COMPENSATED ABSENCES

Owyhee County presently accumulates unused vacation days and compensatory time calculated on an individual basis according to an employee's total years worked and total hours per week worked. All accumulated vacation time and compensatory time represents a potential liability to the County.

	<u>10/1/2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2008</u>	<u>Current</u>
Governmental Activities	<u>\$ 104,501</u>	<u>\$ 116,179</u>	<u>\$ 110,047</u>	<u>\$ 110,633</u>	<u>\$ 74,428</u>

11. TRANSFERS

Transfers to/from other funds at September 30, 2008 consist of the following:

\$ 25,000 From the Warrant Redemption fund to the Tort fund for expenses.

REQUIRED SUPPLEMENTARY INFORMATION

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,149,549	\$ 1,149,549	\$ 1,156,711	\$ 7,162
State Funds	126,236	126,236	126,236	0
Other Revenues	2,890,333	2,890,333	2,210,739	(679,594)
Total Revenues	<u>4,166,118</u>	<u>4,166,118</u>	<u>3,493,686</u>	<u>(672,432)</u>
Expenditures				
Current:				
Salaries	2,307,439	2,307,439	2,119,773	187,666
Benefits	720,830	720,830	683,651	37,179
Operating Expenses	1,509,808	1,509,808	1,075,727	434,081
Debt Service:				
Principal	0	0	45,449	(45,449)
Interest	0	0	4,540	(4,540)
Capital Outlay	198,041	198,041	87,890	110,151
Total Expenditures	<u>4,736,118</u>	<u>4,736,118</u>	<u>4,017,030</u>	<u>719,088</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(570,000)</u>	<u>(570,000)</u>	<u>(523,344)</u>	<u>46,656</u>
Other Financing Sources (Uses)				
Interest Earned	0	0	171,858	171,858
Disposition of Assets	0	0	19,500	19,500
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>191,358</u>	<u>191,358</u>
Net Change in Fund Balances	(570,000)	(570,000)	(331,986)	238,014
Fund Balance - Beginning	570,000	570,000	1,677,862	1,107,862
Prior Period Adjustment	0	0	75,379	75,379
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,421,255</u>	<u>\$ 1,421,255</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Road and Bridge
 For the Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 76,207	\$ 76,207	\$ 78,683	\$ 2,476
State Funds	8,068	8,068	967,409	959,341
Other Revenues	1,397,083	1,397,083	69,600	(1,327,483)
Total Revenues	<u>1,481,358</u>	<u>1,481,358</u>	<u>1,115,692</u>	<u>(365,666)</u>
Expenditures				
Current:				
Salaries	360,997	360,997	351,567	9,430
Benefits	144,111	144,111	134,786	9,325
Operating Expenses	1,225,250	1,225,250	880,191	345,059
Capital Outlay	246,000	246,000	169,984	76,016
Total Expenditures	<u>1,976,358</u>	<u>1,976,358</u>	<u>1,536,528</u>	<u>439,830</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(495,000)</u>	<u>(495,000)</u>	<u>(420,836)</u>	<u>74,164</u>
Other Financing Sources (Uses)				
Interest Earned	0	0	0	0
Disposition of Assets	0	0	45,000	45,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>45,000</u>	<u>45,000</u>
Net Change in Fund Balances	(495,000)	(495,000)	(375,836)	119,164
Fund Balance - Beginning	495,000	495,000	845,909	350,909
Prior Period Adjustment	0	0	20,425	20,425
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 490,498</u>	<u>\$ 490,498</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Solid Waste
 For the Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 161,767	\$ 161,767	\$ 354,346	\$ 192,579
State Funds	0	0	39,475	39,475
Other Revenues	185,000	185,000	2,202	(182,798)
Total Revenues	<u>346,767</u>	<u>346,767</u>	<u>396,023</u>	<u>49,256</u>
Expenditures				
Current:				
Salaries	62,045	62,045	59,821	2,224
Benefits	11,922	11,922	12,204	(282)
Operating Expenses	253,800	253,800	62,816	190,984
Capital Outlay	87,000	87,000	204,513	(117,513)
Total Expenditures	<u>414,767</u>	<u>414,767</u>	<u>339,354</u>	<u>75,413</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(68,000)</u>	<u>(68,000)</u>	<u>56,669</u>	<u>124,669</u>
Other Financing Sources (Uses)				
Interest Earned	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(68,000)	(68,000)	56,669	124,669
Fund Balance - Beginning	68,000	68,000	145,370	77,370
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 202,039</u>	<u>\$ 202,039</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Indigent and Charity
 For the Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 225,900	\$ 225,900	\$ 225,324	\$ (576)
State Funds	0	0	22,168	22,168
Other Revenues	130,800	130,800	141,601	10,801
Total Revenues	<u>356,700</u>	<u>356,700</u>	<u>389,093</u>	<u>32,393</u>
Expenditures				
Current:				
Salaries	1,400	1,400	1,165	235
Benefits	300	300	436	(136)
Operating Expenses	358,000	358,000	282,316	75,684
Capital Outlay	0	0	0	0
Total Expenditures	<u>359,700</u>	<u>359,700</u>	<u>283,917</u>	<u>75,783</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(3,000)</u>	<u>(3,000)</u>	<u>105,176</u>	<u>108,176</u>
Other Financing Sources (Uses)				
Interest Earned	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(3,000)	(3,000)	105,176	108,176
Fund Balance - Beginning	3,000	3,000	81,030	78,030
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 186,206</u>	<u>\$ 186,206</u>

Owyhee County, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2008

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenue			
Property Taxes	\$ 1,149,549	\$ 1,156,711	\$ 7,162
AG Replacement	126,236	126,236	0
Other Revenues	<u>2,890,333</u>	<u>2,210,739</u>	<u>(679,594)</u>
 Total Operating Revenues	 4,166,118	 3,493,686	 (672,432)
 Interest Earned	 0	 171,858	 171,858
Disposition of Assets	<u>0</u>	<u>19,500</u>	<u>19,500</u>
 Total Revenue	 <u>\$ 4,166,118</u>	 <u>\$ 3,685,044</u>	 <u>\$ (481,074)</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, 2008

	Budget	Actual	Variance
Clerk/Auditor			
Salaries	\$ 287,326	\$ 282,524	\$ 4,802
Benefits	107,882	104,696	3,186
Operating Expenses	19,150	18,678	472
Capital Outlay	1,000	0	1,000
	<u>415,358</u>	<u>405,898</u>	<u>9,460</u>
Assessor			
Salaries	180,829	164,821	16,008
Benefits	65,926	58,921	7,005
Operating Expenses	14,600	9,419	5,181
Capital Outlay	18,716	1,428	17,288
	<u>280,071</u>	<u>234,589</u>	<u>45,482</u>
Treasurer/Tax Collector			
Salaries	100,091	92,154	7,937
Benefits	35,329	30,644	4,685
Operating Expenses	9,800	9,162	638
Capital Outlay	750	0	750
	<u>145,970</u>	<u>131,960</u>	<u>14,010</u>
Sheriff			
Salaries	704,896	642,200	62,696
Benefits	213,705	204,611	9,094
Operating Expenses	223,300	237,099	(13,799)
Principal	0	45,449	(45,449)
Interest	0	4,540	(4,540)
Capital Outlay	113,000	50,954	62,046
	<u>1,254,901</u>	<u>1,184,853</u>	<u>70,048</u>
Commissioners			
Salaries	69,189	69,189	0
Benefits	18,647	23,886	(5,239)
Operating Expenses	37,800	26,902	10,898
Capital Outlay	0	0	0
	<u>125,636</u>	<u>119,977</u>	<u>5,659</u>
Coroner			
Salaries	14,428	13,828	600
Benefits	8,070	8,016	54
Operating Expenses	29,400	11,766	17,634
Capital Outlay	2,500	0	2,500
	<u>54,398</u>	<u>33,610</u>	<u>20,788</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, 2008
 (continued)

	Budget	Actual	Variance
Prosecuting Attorney			
Salaries	238,899	215,870	23,029
Benefits	31,276	31,123	153
Operating Expenses	18,043	15,124	2,919
Capital Outlay	650	0	650
	<u>288,868</u>	<u>262,117</u>	<u>26,751</u>
Buildings and Grounds			
Salaries	34,244	30,700	3,544
Benefits	13,032	12,457	575
Operating Expenses	63,460	54,278	9,182
Capital Outlay	18,925	1,085	17,840
	<u>129,661</u>	<u>98,520</u>	<u>31,141</u>
Civil Defense			
Salaries	16,474	9,192	7,282
Benefits	2,085	1,195	890
Operating Expenses	16,000	7,884	8,116
Capital Outlay	21,000	12,046	8,954
	<u>55,559</u>	<u>30,317</u>	<u>25,242</u>
County Agent			
Salaries	62,921	62,564	357
Benefits	20,359	21,327	(968)
Operating Expenses	40,900	38,890	2,010
Capital Outlay	5,000	5,000	0
	<u>129,180</u>	<u>127,781</u>	<u>1,399</u>
Elections			
Salaries	9,750	8,005	1,745
Operating Expenses	11,100	10,729	371
	<u>20,850</u>	<u>18,734</u>	<u>2,116</u>
Building Department			
Salaries	63,548	63,826	(278)
Benefits	16,487	16,905	(418)
Operating Expenses	13,900	8,137	5,763
Capital Outlay	14,500	17,377	(2,877)
	<u>108,435</u>	<u>106,245</u>	<u>2,190</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, 2008
 (continued)

	Budget	Actual	Variance
Planning and Zoning			
Salaries	61,474	59,319	2,155
Benefits	22,593	21,647	946
Operating Expenses	382,345	66,719	315,626
	<u>466,412</u>	<u>147,685</u>	<u>318,727</u>
General			
Operating Expenses	328,510	282,391	46,119
	<u>328,510</u>	<u>282,391</u>	<u>46,119</u>
Technology			
Operating Expenses	159,500	145,328	14,172
	<u>159,500</u>	<u>145,328</u>	<u>14,172</u>
Jail			
Salaries	463,370	405,581	57,789
Benefits	165,439	148,223	17,216
Operating Expenses	142,000	133,221	8,779
Capital Outlay	2,000	0	2,000
	<u>772,809</u>	<u>687,025</u>	<u>85,784</u>
Total Expenditures	<u>\$ 4,736,118</u>	<u>\$ 4,017,030</u>	<u>\$ 719,088</u>

Health County	Historical Society	Junior College	Pest	Subtotal
\$ 5,476	\$ 6,580	\$ 116,266	\$ 9,760	\$ 480,873
1,776	1,780	0	304	11,832
0	466	0	0	466
0	0	0	0	0
<hr/>				
\$ 7,252	\$ 8,826	\$ 116,266	\$ 10,064	\$ 493,171
<hr/>				
\$ 0	\$ 1,210	\$ 0	\$ 0	\$ 1,210
0	0	0	0	0
4,183	1,669	0	86	20,561
1,291	1,729	0	0	9,351
<hr/>				
5,474	4,608	0	86	31,122
<hr/>				
1,778	4,218	116,266	9,978	462,049
<hr/>				
1,778	4,218	116,266	9,978	462,049
<hr/>				
\$ 7,252	\$ 8,826	\$ 116,266	\$ 10,064	\$ 493,171
<hr/>				

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Airport	Bond Redemption	County Court	County Fair
Revenues				
Property Taxes	\$ 3	\$ 1,452	\$ 64,736	\$ 27,128
State Funds	0	0	36,340	11,218
Other Revenues	0	0	48,079	0
Total Revenues	3	1,452	149,155	38,346
Expenditures				
Current:				
Salaries	0	0	0	0
Benefits	0	0	0	0
Operating Expenses	15,817	10,000	91,142	56,593
Capital Outlay	0	0	12,796	0
Total Expenditures	15,817	10,000	103,938	56,593
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources	(15,814)	(8,548)	45,217	(18,247)
Other Financing Sources (Uses)				
Operating Transfers In	0	0	0	0
Operating Transfers (Out)	0	0	0	0
Disposition of Assets	0	0	0	0
Total Other Financing Sources	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	(15,814)	(8,548)	45,217	(18,247)
Fund Balances - Beginning	63,624	68,962	177,175	13,318
Prior Period Adjustment	0	0	0	0
Fund Balances - Ending	\$ 47,810	\$ 60,414	\$ 222,392	\$ (4,929)

Weeds	Probation	911	Total
\$ 0	\$ 25,568	\$ 297,314	\$ 970,289
22,645	6,348	0	52,510
443	1,399	0	3,241
0	708	0	708
<u>\$ 23,088</u>	<u>\$ 34,023</u>	<u>\$ 297,314</u>	<u>\$ 1,026,748</u>
\$ 3,623	\$ 5,420	\$ 0	\$ 13,944
708	0	0	708
4,746	8,177	7,284	44,180
631	4,984	0	24,131
<u>9,708</u>	<u>18,581</u>	<u>7,284</u>	<u>82,963</u>
<u>13,380</u>	<u>15,442</u>	<u>290,030</u>	<u>943,785</u>
<u>13,380</u>	<u>15,442</u>	<u>290,030</u>	<u>943,785</u>
<u>\$ 23,088</u>	<u>\$ 34,023</u>	<u>\$ 297,314</u>	<u>\$ 1,026,748</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2008
(continued)

	Subtotal	Pest	Revaluation	Tort
Revenues				
Property Taxes	\$ 227,187	\$ 4,669	\$ 136,800	\$ 88,100
State Funds	116,997	0	47,871	27,039
Other Revenues	48,079	3,268	0	0
Total Revenues	392,263	7,937	184,671	115,139
Expenditures				
Current:				
Salaries	32,470	0	91,210	0
Benefits	11,476	0	34,015	0
Operating Expenses	252,535	8,465	34,058	108,774
Capital Outlay	112,213	0	500	0
Total Expenditures	408,694	8,465	159,783	108,774
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources	(16,431)	(528)	24,888	6,365
Other Financing Sources (Uses)				
Operating Transfers In	0	0	0	25,000
Operating Transfers (Out)	0	0	0	0
Disposition of Assets	0	0	0	0
Total Other Financing Sources	0	0	0	25,000
Excess (Deficiency) of Revenues Over Expenditures	(16,431)	(528)	24,888	31,365
Fund Balances - Beginning	468,502	10,506	66,675	29,816
Prior Period Adjustment	0	0	3,997	0
Fund Balances - Ending	\$ 452,071	\$ 9,978	\$ 95,560	\$ 61,181

	Fair Grounds	Health County	Historical Society	Junior College	Subtotal
\$	70,418	\$ 34,264	\$ 29,186	\$ 0	\$ 227,187
	16,702	9,877	18,724	24,136	116,997
	0	0	0	0	48,079
	87,120	44,141	47,910	24,136	392,263
	0	0	32,470	0	32,470
	0	0	11,476	0	11,476
	584	50,352	16,597	11,450	252,535
	99,417	0	0	0	112,213
	100,001	50,352	60,543	11,450	408,694
	(12,881)	(6,211)	(12,633)	12,686	(16,431)
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	(12,881)	(6,211)	(12,633)	12,686	(16,431)
	17,003	7,989	16,851	103,580	468,502
	0	0	0	0	0
\$	4,122	\$ 1,778	\$ 4,218	\$ 116,266	\$ 452,071

Veterans Memorial	Warrant Redemption	Weeds	Probation	911	Total
\$ 869	\$ 0	\$ 11,093	\$ 118,577	\$ 0	\$ 587,295
229	0	10,959	0	0	203,095
0	0	80,109	103,654	193,800	428,910
1,098	0	102,161	222,231	193,800	1,219,300
0	0	60,073	140,670	0	324,423
0	0	24,086	47,347	0	116,924
1,200	12,507	39,676	37,880	64,805	559,900
0	0	8,208	10,396	0	131,317
1,200	12,507	132,043	236,293	64,805	1,132,564
(102)	(12,507)	(29,882)	(14,062)	128,995	86,736
0	0	0	0	0	25,000
0	(25,000)	0	0	0	(25,000)
0	0	2,000	0	0	2,000
0	(25,000)	2,000	0	0	2,000
(102)	(37,507)	(27,882)	(14,062)	128,995	88,736
505	43,247	41,262	24,804	161,035	846,352
0	0	0	4,700	0	8,697
\$ 403	\$ 5,740	\$ 13,380	\$ 15,442	\$ 290,030	\$ 943,785

Community Guardians	911 Trust Account	Hazardous Waste	Owyhee County Initiative	Total
\$ 0	\$ 8,901	\$ 241,284	\$ 3,671	\$ 2,051,681
0	0	0	0	185,851
<u>\$ 0</u>	<u>\$ 8,901</u>	<u>\$ 241,284</u>	<u>\$ 3,671</u>	<u>\$ 2,237,532</u>

0	0	0	0	191,615
0	8,901	241,284	3,671	2,045,917
<u>\$ 0</u>	<u>\$ 8,901</u>	<u>\$ 241,284</u>	<u>\$ 3,671</u>	<u>\$ 2,237,532</u>

FEDERAL REPORTS

**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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 23, 2009. 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 below to be a significant deficiency in internal control over financial reporting:

2008-1: Preparation of Financial Statements and Prior Period Adjustment

Government Auditing Standards places the responsibility on management for the preparation of the annual financial statements and footnotes in accordance with generally accepted accounting principles (GAAP). The County does not have an internal control system designed to provide for the preparation of the annual financial statements being audited. As auditors, we were requested to draft the annual financial statements and footnotes from the Board's accounting system. This circumstance is not unusual for an entity the size of the County. The lack of this control could cause a misstatement in the annual financial statements and footnotes to go undetected. Management should look at the cost/benefit of implementing internal controls over preparation of the annual financial statements. The County also neglected to correct a prior period adjustment for compensated absences.

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*.

out We noted certain matters that we reported to management of **Owyhee County, Idaho**, in a separate letter dated January 23, 2009. *Come out*

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The County's response to the findings identified in our audit is described in the accompanying management's response to findings. 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
January 23, 2009

Owyhee County, Idaho
Management's Response to Findings
For the Year Ended September 30, 2008

2008-1: Preparation of Financial Statements and Prior Period Adjustment

The County will research the cost and benefits of implementing internal controls 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.