

OWYHEE COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Assets	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	11
Statement of Fiduciary Net Assets – Fiduciary Funds	12
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	13
Balance Sheet – Component Unit	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit	15
Notes to Financial Statements	16

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary (GAAP Basis) Comparison Schedule:

TABLE OF CONTENTS (continued)

General Fund	27
Road and Bridge	28
Solid Waste	29
Indigent and Charity	30
Notes to Required Supplementary Information	31

SUPPLEMENTAL INFORMATION

Supplemental Schedule of Revenues by Source - Budget (GAAP Basis) and Actual - General Fund	32
Supplemental Schedule of Expenditures by Object of Expenditure - Budget (GAAP Basis) and Actual - General Fund	33
Combining Balance Sheet – Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances – Nonmajor Governmental Funds	38
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	40

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 <i>Government Auditing Standards</i>	41
Management's Response to Findings	43

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, 2009, 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, 2009, 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 April 22, 2010, 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 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 27 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 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 32 to 40) 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
April 22, 2010

Owyhee County, Idaho
Statement of Net Assets
September 30, 2009

	Primary Government		Component Unit
	Governmental Activities	Total	
Assets			
Cash and Cash Equivalents	\$ 4,021,230	\$ 4,021,230	\$ 1,813
Receivables, Net:			
Property Taxes	187,198	187,198	0
Prepaid Expenses	30,809	30,809	0
Capital Assets:			
Land	626,628	626,628	0
Depreciable Buildings, Property, and Equipment, Net	5,265,624	5,265,624	0
Total Capital Assets	<u>5,892,252</u>	<u>5,892,252</u>	<u>0</u>
Total Assets	<u>10,131,489</u>	<u>10,131,489</u>	<u>1,813</u>
Liabilities			
Accounts Payable and Other Current Liabilities	374,193	374,193	0
Long-Term Liabilities:			
Due within One Year:			
Compensated Absences	44,545	44,545	0
Due in More than One Year:			
Compensated Absences	44,550	44,550	0
Total Liabilities	<u>463,288</u>	<u>463,288</u>	<u>0</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,892,252	5,892,252	0
Unrestricted (Deficit) Surplus	3,775,949	3,775,949	1,813
Total Net Assets	<u>\$ 9,668,201</u>	<u>\$ 9,668,201</u>	<u>\$ 1,813</u>

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

Owyhee County, Idaho
Statement of Activities
For the Year Ended September 30, 2009

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,299,402	\$ 0	\$ 104,791	\$ 0
Public Safety	2,140,893	0	150,699	0
Highways and Streets	1,391,959	0	4,156	0
Sanitation	351,352	6,343	0	0
Health	50,807	0	0	0
Welfare	313,153	0	0	0
Education	21,600	0	3,000	0
Culture and Recreation	106,854	0	0	0
Interest on Long-Term Debt	696	0	0	0
Total Governmental Activities	<u>6,676,716</u>	<u>6,343</u>	<u>262,646</u>	<u>0</u>
Total Primary Government	<u>\$ 6,676,716</u>	<u>\$ 6,343</u>	<u>\$ 262,646</u>	<u>\$ 0</u>
Component Unit:				
Owyhee County Fair Board	<u>\$ 31,612</u>	<u>\$ 9,273</u>	<u>\$ 0</u>	<u>\$ 0</u>

General Revenues:
Property Taxes
State Sources
Other
Unrestricted Investment Earnings
Total General Revenues and Special Items
Change in Net Assets

Net Assets, Beginning of Year
Net Assets, End of Year

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Total	Component Unit	
\$ (2,194,611)	\$ (2,194,611)	\$ 0	
(1,990,194)	(1,990,194)	0	
(1,387,803)	(1,387,803)	0	
(345,009)	(345,009)	0	
(50,807)	(50,807)	0	
(313,153)	(313,153)	0	
(18,600)	(18,600)	0	
(106,854)	(106,854)	0	
(696)	(696)	0	
<u>(6,407,727)</u>	<u>(6,407,727)</u>	<u>0</u>	
	0		
<u>(6,407,727)</u>	<u>(6,407,727)</u>	<u>0</u>	
			<u>\$ (22,339)</u>
2,532,722	2,532,722	20,900	
967,034	967,034	0	
2,974,228	2,974,228	2,971	
177,027	177,027	0	
<u>6,651,011</u>	<u>6,651,011</u>	<u>23,871</u>	
243,284	243,284	1,532	
9,424,917	9,424,917	281	
<u>\$ 9,668,201</u>	<u>\$ 9,668,201</u>	<u>\$ 1,813</u>	

Owyhee County, Idaho
Balance Sheet -
Governmental Funds
September 30, 2009

	<u>General</u>	<u>Road and Bridge</u>	<u>Solid Waste</u>
Assets			
Cash and Cash Equivalents	\$ 2,279,513	\$ 533,282	\$ 126,990
Property Taxes Receivable, Net	103,442	10,043	19,879
Prepaid Expenses	24,740	2,799	28
Total Assets	<u><u>\$ 2,407,695</u></u>	<u><u>\$ 546,124</u></u>	<u><u>\$ 146,897</u></u>
Liabilities and Fund Balances			
Liabilities:			
Salaries and Benefits Payable	\$ 55,582	\$ 9,486	\$ 2,287
Warrants and Accounts Payable	99,103	104,400	17,181
Deferred Revenue	82,754	8,034	15,903
Total Liabilities	<u><u>237,439</u></u>	<u><u>121,920</u></u>	<u><u>35,371</u></u>
Fund Balances:			
Unreserved:			
General Fund	2,170,256	0	0
Special Revenue	0	424,204	111,526
Total Fund Balance	<u><u>2,170,256</u></u>	<u><u>424,204</u></u>	<u><u>111,526</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 2,407,695</u></u>	<u><u>\$ 546,124</u></u>	<u><u>\$ 146,897</u></u>

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

<u>Indigent and Charity</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 286,924	\$ 794,521	\$ 4,021,230
15,948	37,886	187,198
0	3,242	30,809
<u>\$ 302,872</u>	<u>\$ 835,649</u>	<u>\$ 4,239,237</u>

\$ 1,040	\$ 10,047	\$ 78,442
52,583	22,484	295,751
12,758	30,310	149,759
<u>66,381</u>	<u>62,841</u>	<u>523,952</u>

0	0	2,170,256
236,491	772,808	1,545,029
<u>236,491</u>	<u>772,808</u>	<u>3,715,285</u>
<u>\$ 302,872</u>	<u>\$ 835,649</u>	<u>\$ 4,239,237</u>

Owyhee County, Idaho
 Reconciliation of the Governmental Funds' Balance
 Sheet to the Statement of Net Assets
 September 30, 2009

		Total Governmental Funds
Total Fund Balances - Governmental Funds		\$ 3,715,285
<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 \$3,935,708		
Accumulated Depreciation	4,657,941	
Equipment, Net of \$2,959,039		
Accumulated Depreciation	<u>607,683</u>	
		5,892,252
<p>Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures, and therefore, are deferred in the funds.</p>		
		149,759
<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>		
Compensated Absences		<u>(89,095)</u>
Net Assets of Governmental Activities		<u>\$ 9,668,201</u>

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, 2009

	<u>General</u>	<u>Road and Bridge</u>	<u>Solid Waste</u>
Revenues			
Property Taxes	\$ 1,412,999	\$ 223,763	\$ 203,322
State Funds	126,236	922,579	134
Other Revenues	2,603,578	57,235	6,343
Interest Earned	177,027	0	0
Total Revenues	<u>4,319,840</u>	<u>1,203,577</u>	<u>209,799</u>
Expenditures			
Current:			
General Government	1,577,374	0	0
Public Safety	1,937,508	0	0
Highways and Streets	0	1,246,770	0
Sanitation	0	0	278,613
Health	0	0	0
Welfare	0	0	0
Education	0	0	0
Culture and Recreation	0	0	0
Debt Service:			
Principal	25,313	0	0
Interest	1,671	0	0
Capital Outlay	28,974	23,100	21,702
Total Expenditures	<u>3,570,840</u>	<u>1,269,870</u>	<u>300,315</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>749,000</u>	<u>(66,293)</u>	<u>(90,516)</u>
Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	749,000	(66,293)	(90,516)
Fund Balances - Beginning	1,421,256	490,497	202,042
Fund Balances - Ending	<u>\$ 2,170,256</u>	<u>\$ 424,204</u>	<u>\$ 111,526</u>

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

Indigent and Charity	Other Governmental Funds	Total Governmental Funds
\$ 208,624	\$ 429,801	\$ 2,478,509
54,491	132,583	1,236,023
100,324	206,748	2,974,228
0	0	177,027
<u>363,439</u>	<u>769,132</u>	<u>6,865,787</u>
0	622,232	2,199,606
0	62,472	1,999,980
0	0	1,246,770
0	68,878	347,491
0	50,807	50,807
313,153	0	313,153
0	21,600	21,600
0	87,276	87,276
0	0	25,313
0	0	1,671
0	26,844	100,620
<u>313,153</u>	<u>940,109</u>	<u>6,394,287</u>
<u>50,286</u>	<u>(170,977)</u>	<u>471,500</u>
<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>
50,286	(170,977)	471,500
186,205	943,785	3,243,785
<u>\$ 236,491</u>	<u>\$ 772,808</u>	<u>\$ 3,715,285</u>

Owyhee County, Idaho
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 For the Year Ended September 30, 2009

Total Net Change in Fund Balance - Governmental Funds	\$ 471,500
<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 (\$430,875) exceeds capital outlays (\$100,620) in the period.</p>	(330,255)
<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>	54,213
<p>The change in accrued interest on long-term debt.</p>	975
<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>	25,313
<p>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.</p>	<u>21,538</u>
<p>Change in Net Assets of Governmental Activities</p>	<u><u>\$ 243,284</u></u>

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

Owyhee County, Idaho
Statement of Fiduciary Net Assets - Fiduciary Funds
September 30, 2009

	<u>Agency Funds</u>	<u>Pension Benefit Trust Fund</u>	<u>Total</u>
Assets			
Cash and Investments	\$ 2,513,841	\$ 177,751	\$ 2,691,592
Property Taxes Receivable	232,549	0	232,549
Total Assets	<u>\$ 2,746,390</u>	<u>177,751</u>	<u>\$ 2,924,141</u>
Liabilities			
Warrants and Accounts Payable	\$ 205,183	0	\$ 205,183
Due to Other Funds or Taxing Units	2,541,207	0	2,541,207
Total Liabilities	<u>\$ 2,746,390</u>	<u>0</u>	<u>2,746,390</u>
Net Assets Held in Trust		<u>\$ 177,751</u>	<u>\$ 177,751</u>

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, 2009

	Pension Benefit Trust Fund
Additions	
Contributions	\$ 14,253
Total Contributions	14,253
Investment Income:	
Net Increase (Decrease) in Fair Value of Investments	(4,487)
Less: Investment Expense	(1,013)
Net Investment Income	(5,500)
Total Additions	8,753
Deductions	
Withdrawals	9,428
Total Deductions	9,428
Change in Net Assets	(675)
Net Assets - Beginning	178,426
Net Assets - Ending	\$ 177,751

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

Owyhee County, Idaho
Balance Sheet -
Component Unit
September 30, 2009

	<u>Fair Board</u>
Assets	
Cash and Cash Equivalents	\$ 1,813
Total Assets	<u>\$ 1,813</u>
Liabilities	
Accounts Payable and Other Current Liabilities	\$ 0
Total Liabilities	<u>0</u>
Fund Balance	
Unreserved	<u>1,813</u>
Total Liabilities and Fund Balance	<u>\$ 1,813</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, 2009

	Fair Board
Revenues	
Property Taxes	\$ 20,900
Charges for Services	9,273
Miscellaneous	2,971
Total Revenues	33,144
Expenses	
Current:	
Operating Expenses	30,112
Insurance	1,500
Total Expenses	31,612
Excess (Deficiency) of Revenues Over Expenditures	1,532
Other Financing Sources (Uses)	0
Total Other Financing Sources (Uses)	0
Net Change in Fund Balances	1,532
Fund Balance - Beginning	281
Fund Balance - Ending	\$ 1,813

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

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, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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 and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

The County reports the following fiduciary fund types:

Agency funds and Pension Trust fund. 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. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of results of operations.

Basis of Accounting

The government-wide 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.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all 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 governmental 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.

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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, 2009.

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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

2. CASH AND INVESTMENTS (continued)

Deposits

As of September 30, 2009, the carrying amount of the County's deposits was \$1,405,168 and the respective bank balances totaled \$670,036. Of the total bank balance, \$670,036 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, 2009, 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 for investments.

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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

2. CASH AND INVESTMENTS (continued)

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, 2009, are summarized below:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1 Year	1 - 5 Years	>5
State Investment Pool	AAAf	\$ 1,523,219	\$ 1,523,219	\$ 0	\$ 0
Fed Home Loan Bank-Bonds	AAA	1,325,991	0	551,848	774,143
FNMA-Bonds	AAA	1,377,070	399,264	295,050	682,756
Certificates of Deposit	N/A	198,934	0	198,934	0
Money Market	N/A	93,971	93,971	0	0
		<u>\$ 4,519,185</u>	<u>\$ 2,016,454</u>	<u>\$ 1,045,832</u>	<u>\$ 1,456,899</u>

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

	Governmental Activities	Component Unit	Total	Fiduciary Funds
Cash and cash equivalents	\$ (497,956)	\$ 1,813	\$ (496,143)	\$ 2,513,841
Investments categorized as deposits	4,519,185	0	4,519,185	177,751
	<u>\$ 4,021,229</u>	<u>\$ 1,813</u>	<u>\$ 4,023,042</u>	<u>\$ 2,691,592</u>

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

	Book Balance	Bank Balance
Tax Collector	\$ 1,413	\$ 21,383
Tax Collector Trust	15,850	15,851
Public Administrator	1,249	1,249
Inmate Trust	14,839	16,410
	<u>\$ 33,351</u>	<u>\$ 54,893</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2009, was as follows:

	<u>Balance</u> 10/1/2008	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 9/30/2009
<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	31,139	0	8,593,649
Equipment	3,508,937	69,481	11,696	3,566,722
Total Historical Cost	<u>12,071,447</u>	<u>100,620</u>	<u>11,696</u>	<u>12,160,371</u>
Less: Accumulated Depreciation				
Buildings and Improvements	3,730,188	205,520	0	3,935,708
Equipment	2,745,380	225,355	11,696	2,959,039
Total Acc. Depr.	<u>6,475,568</u>	<u>430,875</u>	<u>11,696</u>	<u>6,894,747</u>
Net Depreciable Assets	<u>5,595,879</u>	<u>(330,255)</u>	<u>0</u>	<u>5,265,624</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 6,222,507</u>	<u>\$ (330,255)</u>	<u>\$ 0</u>	<u>\$ 5,892,252</u>

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

Governmental Activities:	
General Government	\$ 121,334
Public Safety	140,913
Sanitation	3,861
Highways and Streets	145,189
Culture and Recreation	19,578
	<u>\$ 430,875</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

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, 2009, 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 \$245,770, \$275,840, and \$240,772 for the three years ended September 30, 2009, 2008, and 2007, respectively.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

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	\$ 75,693
Less: accumulated amortization (included as depreciation on the accompanying financial statements)	<u>(35,406)</u>
	<u>\$ 40,287</u>

Changes in long-term obligations for the year ended September 30, 2009, are as follows:

	<u>Rate</u>	<u>Maturity</u>	<u>10/1/2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/2009</u>	<u>Current Portion</u>
Governmental Activities:							
Muni Lease - (3) 2008 Pickups	6.60%	2009	<u>\$ 25,313</u>	<u>\$ 0</u>	<u>\$ (25,313)</u>	<u>\$ 0</u>	<u>\$ 0</u>

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</u> <u>September 30,</u>	<u>Amount</u>
2010	\$ 5,000
2011	5,000
2012	5,000
2013	5,000
2014	<u>5,000</u>
	<u>\$ 25,000</u>

Rent expenditures for the year ended September 30, 2009, were \$13,550.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2009

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 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 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. These amounts are set aside in trust for the exclusive benefit of the employee, and are not available to the employer's creditors, even before such time that the amounts are paid or made available to the employee.

9. COMPENSATED ABSENCES

The 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>10/1/2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2009</u>	<u>Current</u>
Governmental Activities	\$ 110,633	\$ 103,342	\$ 124,880	\$ 89,095	\$ 44,545

REQUIRED SUPPLEMENTARY INFORMATION

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,432,021	\$ 1,432,021	\$ 1,412,999	\$ (19,022)
State Funds	0	0	126,236	126,236
Other Revenues	2,612,231	2,612,231	2,603,578	(8,653)
Interest Earned	0	0	177,027	177,027
Total Revenues	<u>4,044,252</u>	<u>4,044,252</u>	<u>4,319,840</u>	<u>275,588</u>
Expenditures				
Current:				
Salaries	2,106,396	2,106,396	1,929,422	176,974
Benefits	728,046	728,046	668,733	59,313
Operating Expenses	1,309,810	1,309,810	916,727	393,083
Debt Service:				
Principal	0	0	25,313	(25,313)
Interest	0	0	1,671	(1,671)
Capital Outlay	0	0	28,974	(28,974)
Total Expenditures	<u>4,144,252</u>	<u>4,144,252</u>	<u>3,570,840</u>	<u>573,412</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>749,000</u>	<u>849,000</u>
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(100,000)	(100,000)	749,000	849,000
Fund Balance - Beginning	100,000	100,000	1,421,256	1,321,256
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,170,256</u>	<u>\$ 2,170,256</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Road and Bridge
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 227,551	\$ 227,551	\$ 223,763	\$ (3,788)
State Funds	0	0	922,579	922,579
Other Revenues	1,038,068	1,038,068	57,235	(980,833)
Total Revenues	<u>1,265,619</u>	<u>1,265,619</u>	<u>1,203,577</u>	<u>(62,042)</u>
Expenditures				
Current:				
Salaries	281,020	281,020	271,240	9,780
Benefits	107,049	107,049	102,778	4,271
Operating Expenses	1,077,550	1,077,550	872,752	204,798
Capital Outlay	0	0	23,100	(23,100)
Total Expenditures	<u>1,465,619</u>	<u>1,465,619</u>	<u>1,269,870</u>	<u>195,749</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>(66,293)</u>	<u>133,707</u>
Other Financing Sources (Uses)	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	<u>(200,000)</u>	<u>(200,000)</u>	<u>(66,293)</u>	<u>133,707</u>
Fund Balance - Beginning	200,000	200,000	490,497	290,497
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 424,204</u>	<u>\$ 424,204</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Solid Waste
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 520	\$ 520	\$ 203,322	\$ 202,802
State Funds	0	0	134	134
Other Revenues	215,250	215,250	6,343	(208,907)
Total Revenues	<u>215,770</u>	<u>215,770</u>	<u>209,799</u>	<u>(5,971)</u>
Expenditures				
Current:				
Salaries	63,045	63,045	59,029	4,016
Benefits	10,225	10,225	11,524	(1,299)
Operating Expenses	292,500	292,500	208,060	84,440
Capital Outlay	0	0	21,702	(21,702)
Total Expenditures	<u>365,770</u>	<u>365,770</u>	<u>300,315</u>	<u>65,455</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(150,000)</u>	<u>(150,000)</u>	<u>(90,516)</u>	<u>59,484</u>
Other Financing Sources (Uses)	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	(150,000)	(150,000)	(90,516)	59,484
Fund Balance - Beginning	150,000	150,000	202,042	52,042
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 111,526</u>	<u>\$ 111,526</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Indigent and Charity
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 211,330	\$ 211,330	\$ 208,624	\$ (2,706)
State Funds	0	0	54,491	54,491
Other Revenues	91,850	91,850	100,324	8,474
Total Revenues	<u>303,180</u>	<u>303,180</u>	<u>363,439</u>	<u>60,259</u>
Expenditures				
Current:				
Salaries	1,400	1,400	2,240	(840)
Benefits	430	430	403	27
Operating Expenses	351,350	351,350	310,510	40,840
Total Expenditures	<u>353,180</u>	<u>353,180</u>	<u>313,153</u>	<u>40,027</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(50,000)</u>	<u>(50,000)</u>	<u>50,286</u>	<u>100,286</u>
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(50,000)	(50,000)	50,286	100,286
Fund Balance - Beginning	50,000	50,000	186,205	136,205
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 236,491</u>	<u>\$ 236,491</u>

Owyhee County, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2009

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.
- 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 and Special Revenue funds are 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, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 1,432,021	\$ 1,412,999	\$ (19,022)
AG Replacement	0	126,236	126,236
Other Revenues	2,612,231	2,603,578	(8,653)
Interest Earned	0	177,027	177,027
Total Revenues	<u>\$ 4,044,252</u>	<u>\$ 4,319,840</u>	<u>\$ 275,588</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, 2009

	Budget	Actual	Variance
Clerk/Auditor			
Salaries	\$ 262,547	\$ 256,366	\$ 6,181
Benefits	96,519	99,769	(3,250)
Operating Expenses	9,700	3,426	6,274
	<u>368,766</u>	<u>359,561</u>	<u>9,205</u>
Assessor			
Salaries	146,423	137,924	8,499
Benefits	59,303	49,622	9,681
Operating Expenses	30,300	23,405	6,895
Capital Outlay	0	1,187	(1,187)
	<u>236,026</u>	<u>212,138</u>	<u>23,888</u>
Treasurer/Tax Collector			
Salaries	85,759	75,159	10,600
Benefits	26,932	24,763	2,169
Operating Expenses	11,100	4,202	6,898
	<u>123,791</u>	<u>104,124</u>	<u>19,667</u>
Sheriff			
Salaries	649,559	614,905	34,654
Benefits	230,219	198,698	31,521
Operating Expenses	317,150	232,210	84,940
Principal	0	25,313	(25,313)
Interest	0	1,671	(1,671)
	<u>1,196,928</u>	<u>1,072,797</u>	<u>124,131</u>
Commissioners			
Salaries	69,189	90,434	(21,245)
Benefits	28,373	27,944	429
Operating Expenses	51,100	26,505	24,595
	<u>148,662</u>	<u>144,883</u>	<u>3,779</u>
Coroner			
Salaries	13,828	13,829	(1)
Benefits	8,039	7,981	58
Operating Expenses	22,050	22,078	(28)
	<u>43,917</u>	<u>43,888</u>	<u>29</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, 2009
 (continued)

	Budget	Actual	Variance
Prosecuting Attorney			
Salaries	213,899	126,818	87,081
Benefits	31,279	33,419	(2,140)
Operating Expenses	17,126	13,244	3,882
	<u>262,304</u>	<u>173,481</u>	<u>88,823</u>
Buildings and Grounds			
Salaries	32,244	29,929	2,315
Benefits	13,419	13,313	106
Operating Expenses	71,300	36,282	35,018
Capital Outlay	0	3,080	(3,080)
	<u>116,963</u>	<u>82,604</u>	<u>34,359</u>
Civil Defense			
Salaries	16,474	5,725	10,749
Benefits	1,825	507	1,318
Operating Expenses	32,000	3,817	28,183
Capital Outlay	0	24,707	(24,707)
	<u>50,299</u>	<u>34,756</u>	<u>15,543</u>
County Agent			
Salaries	60,492	58,331	2,161
Benefits	22,539	21,149	1,390
Operating Expenses	35,600	30,471	5,129
	<u>118,631</u>	<u>109,951</u>	<u>8,680</u>
Elections			
Salaries	9,800	8,432	1,368
Operating Expenses	10,000	4,600	5,400
	<u>19,800</u>	<u>13,032</u>	<u>6,768</u>
Building Department			
Salaries	48,749	49,625	(876)
Benefits	15,809	15,218	591
Operating Expenses	9,750	4,951	4,799
	<u>74,308</u>	<u>69,794</u>	<u>4,514</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, 2009
 (continued)

	Budget	Actual	Variance
Planning and Zoning			
Salaries	61,474	60,212	1,262
Benefits	23,628	21,918	1,710
Operating Expenses	88,500	33,854	54,646
	<u>173,602</u>	<u>115,984</u>	<u>57,618</u>
General			
Operating Expenses	308,534	268,619	39,915
	<u>308,534</u>	<u>268,619</u>	<u>39,915</u>
Technology			
Operating Expenses	140,600	100,951	39,649
	<u>140,600</u>	<u>100,951</u>	<u>39,649</u>
Jail			
Salaries	435,959	401,733	34,226
Benefits	170,162	154,432	15,730
Operating Expenses	155,000	108,112	46,888
	<u>761,121</u>	<u>664,277</u>	<u>96,844</u>
Total Expenditures	<u>\$ 4,144,252</u>	<u>\$ 3,570,840</u>	<u>\$ 573,412</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
For the Year Ended September 30, 2009

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds
Assets					
Cash and Cash Equivalents	\$ 47,810	\$ 40,034	\$ 159,812	\$ 7,207	\$ 7,582
Property Taxes Receivable	0	0	2,383	2,195	3,492
Prepaid Expenses	0	0	0	0	0
Total Assets	\$ 47,810	\$ 40,034	\$ 162,195	\$ 9,402	\$ 11,074
Liabilities					
Salaries and Benefits Payable	\$ 0	\$ 0	\$ 0	\$ 565	\$ 0
Warrants and Accounts Payable	0	0	12,077	12	2,612
Deferred Revenue	0	0	1,906	1,756	2,794
Total Liabilities	0	0	13,983	2,333	5,406
Fund Balances					
Unreserved	47,810	40,034	148,212	7,069	5,668
Total Fund Balances	47,810	40,034	148,212	7,069	5,668
Total Liabilities and Fund Balances	\$ 47,810	\$ 40,034	\$ 162,195	\$ 9,402	\$ 11,074

Health County	Historical Society	Junior College	Pest	Subtotal
\$ 2,860	\$ 3,254	\$ 116,391	\$ 1,970	\$ 386,920
2,990	2,562	0	169	13,791
0	467	0	0	467
<u>\$ 5,850</u>	<u>\$ 6,283</u>	<u>\$ 116,391</u>	<u>\$ 2,139</u>	<u>\$ 401,178</u>

\$ 0	\$ 1,135	\$ 0	\$ 0	\$ 1,700
0	246	0	0	14,947
2,392	2,050	0	135	11,033
<u>2,392</u>	<u>3,431</u>	<u>0</u>	<u>135</u>	<u>27,680</u>
<u>3,458</u>	<u>2,852</u>	<u>116,391</u>	<u>2,004</u>	<u>373,498</u>
<u>3,458</u>	<u>2,852</u>	<u>116,391</u>	<u>2,004</u>	<u>373,498</u>
<u>\$ 5,850</u>	<u>\$ 6,283</u>	<u>\$ 116,391</u>	<u>\$ 2,139</u>	<u>\$ 401,178</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
For the Year Ended September 30, 2009
 (continued)

	Subtotal	Revaluation	Tort	Veterans Memorial	Warrant Redemption
Assets					
Cash and Cash Equivalents	\$ 386,920	\$ 64,656	\$ 63,045	\$ 987	\$ 5,740
Property Taxes Receivable	13,791	9,609	6,242	72	0
Prepaid Expenses	467	933	0	0	0
Total Assets	\$ 401,178	\$ 75,198	\$ 69,287	\$ 1,059	\$ 5,740
Liabilities					
Salaries and Benefits Payable	\$ 1,700	\$ 4,406	\$ 0	\$ 0	\$ 0
Warrants and Accounts Payable	14,947	957	0	600	0
Deferred Revenue	11,033	7,687	4,994	58	0
Total Liabilities	27,680	13,050	4,994	658	0
Fund Balances					
Unreserved	373,498	62,148	64,293	401	5,740
Total Fund Balances	373,498	62,148	64,293	401	5,740
Total Liabilities and Fund Balances	\$ 401,178	\$ 75,198	\$ 69,287	\$ 1,059	\$ 5,740

Weeds	Probation	911	Total
21,001	\$ 24,053	\$ 228,119	\$ 794,521
1,986	6,186	0	37,886
443	1,399	0	3,242
<u>\$ 23,430</u>	<u>\$ 31,638</u>	<u>\$ 228,119</u>	<u>\$ 835,649</u>

\$ 0	\$ 3,941	\$ 0	\$ 10,047
225	5,193	562	22,484
1,589	4,949	0	30,310
<u>1,814</u>	<u>14,083</u>	<u>562</u>	<u>62,841</u>

<u>21,616</u>	<u>17,555</u>	<u>227,557</u>	<u>772,808</u>
<u>21,616</u>	<u>17,555</u>	<u>227,557</u>	<u>772,808</u>
<u>\$ 23,430</u>	<u>\$ 31,638</u>	<u>\$ 228,119</u>	<u>\$ 835,649</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2009

	Airport	Bond Redemption	County Court	County Fair
Revenues				
Property Taxes	\$ 0	\$ 659	\$ 572	\$ 27,412
State Funds	0	0	19,358	7,155
Other Revenues	0	0	42,853	470
Total Revenues	<u>0</u>	<u>659</u>	<u>62,783</u>	<u>35,037</u>
Expenditures				
Current:				
Salaries	0	0	0	14,668
Benefits	0	0	0	0
Operating Expenses	0	21,040	136,854	8,371
Capital Outlay	0	0	110	0
Total Expenditures	<u>0</u>	<u>21,040</u>	<u>136,964</u>	<u>23,039</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(20,381)</u>	<u>(74,181)</u>	<u>11,998</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>(20,381)</u>	<u>(74,181)</u>	<u>11,998</u>
Fund Balances - Beginning	47,810	60,415	222,393	(4,929)
Fund Balances - Ending	<u>\$ 47,810</u>	<u>\$ 40,034</u>	<u>\$ 148,212</u>	<u>\$ 7,069</u>

	Fair Grounds	Health County	Historical Society	Junior College	Subtotal
\$	33,651	\$ 40,566	\$ 31,337	\$ 0	\$ 134,197
	8,599	10,620	8,064	21,725	75,521
	0	1,300	9,500	0	54,123
	42,250	52,486	48,901	21,725	263,841
	0	0	29,505	0	44,173
	0	0	11,499	0	11,499
	13,969	50,807	9,264	21,600	261,905
	26,734	0	0	0	26,844
	40,703	50,807	50,268	21,600	344,421
	1,547	1,679	(1,367)	125	(80,580)
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	1,547	1,679	(1,367)	125	(80,580)
	4,121	1,779	4,219	116,266	452,074
\$	5,668	\$ 3,458	\$ 2,852	\$ 116,391	\$ 371,494

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2009
(continued)

	Subtotal	Pest	Revaluation	Tort
Revenues				
Property Taxes	\$ 134,197	\$ (19)	\$ 113,357	\$ 75,004
State Funds	75,521	0	29,352	19,502
Other Revenues	54,123	27	0	378
Total Revenues	263,841	8	142,709	94,884
Expenditures				
Current:				
Salaries	44,173	0	109,639	0
Benefits	11,499	0	41,113	0
Operating Expenses	261,905	7,982	25,367	91,772
Capital Outlay	26,844	0	0	0
Total Expenditures	344,421	7,982	176,119	91,772
Excess (Deficiency) of Revenues Over Expenditures	(80,580)	(7,974)	(33,410)	3,112
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
Total Other Financing Sources	0	0	0	0
Net Change in Fund Balances	(80,580)	(7,974)	(33,410)	3,112
Fund Balances - Beginning	452,074	9,978	95,558	61,181
Fund Balances - Ending	\$ 371,494	\$ 2,004	\$ 62,148	\$ 64,293

Veterans Memorial	Warrant Redemption	Weeds	Probation	911	Total
\$ 947	\$ 0	\$ 30,213	\$ 76,102	\$ 0	\$ 429,801
251	0	7,957	0	0	132,583
0	0	30,960	121,260	0	206,748
1,198	0	69,130	197,362	0	769,132
0	0	28,125	117,351	0	299,288
0	0	13,296	42,809	0	108,717
1,200	0	19,475	35,087	62,472	505,260
0	0	0	0	0	26,844
1,200	0	60,896	195,247	62,472	940,109
(2)	0	8,234	2,115	(62,472)	(170,977)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(2)	0	8,234	2,115	(62,472)	(170,977)
403	5,740	13,382	15,440	290,029	943,785
\$ 401	\$ 5,740	\$ 21,616	\$ 17,555	\$ 227,557	\$ 772,808

Owyhee County, Idaho
 Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
 September 30, 2009

	State of Idaho	Special Taxing County	Miscellaneous Trust	Sensitive Species Research
Assets				
Cash and Cash Equivalents	\$ 60,576	\$ 91,809	\$ 1,836,542	\$ 84,908
Property Taxes Receivable	0	232,549	0	0
Total Assets	\$ 60,576	\$ 324,358	\$ 1,836,542	\$ 84,908
Liabilities				
Warrants and Accounts Payable	0	3,492	200,911	0
Due to Other Funds or Taxing Units	60,576	320,866	1,635,631	84,908
Total Liabilities	\$ 60,576	\$ 324,358	\$ 1,836,542	\$ 84,908

Community Guardians	911 Trust Account	Hazardous Waste	Owyhee County Initiative	Total
\$ 0	\$ 113,302	\$ 323,033	\$ 3,671	\$ 2,513,841
0	0	0	0	232,549
<u>\$ 0</u>	<u>\$ 113,302</u>	<u>\$ 323,033</u>	<u>\$ 3,671</u>	<u>\$ 2,746,390</u>

0	0	780	0	205,183
0	113,302	322,253	3,671	2,541,207
<u>\$ 0</u>	<u>\$ 113,302</u>	<u>\$ 323,033</u>	<u>\$ 3,671</u>	<u>\$ 2,746,390</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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 22, 2010. 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.

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

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

significant deficiencies in internal control over financial reporting, as described below.

2009-1: Preparation of the Annual Financial Statements and Footnotes:

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 of this size. 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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

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 entity, 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
April 22, 2010

Owyhee County, Idaho
Management's Response to Findings
For the Year Ended September 30, 2009

2009-1: Preparation of the Annual Financial Statements and Footnotes

The County will research the cost/benefit of implementing internal controls over preparation of the annual financial statements and, if possible, implement those changes accordingly.

If there are any questions regarding this plan, please contact the County at (208) 495-2421.