

OWYHEE COUNTY, IDAHO

**Report on Audited
Basic
Financial Statements
and
Supplemental Information**

For the Year Ended September 30, 2010

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 Balance Sheet of the Governmental Funds 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:	
General Fund	29

Table of Contents
(continued)

Road and Bridge	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



Certified Public Accountants

Jared Zwygart, CPA
Weston Flamm, CPA
James Washburn, CPA

812-B 12th Ave. South
P.O. Box 876
Nampa ID 83653-0876
208 466-2493
FAX 208 467-2000
www.BaileyCPAs.com

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, 2010, 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, 2010, 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 March 21, 2011, 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Owyhee County, Idaho has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Owyhee County, Idaho's**, financial statements as a whole. The supplemental information (pages 32 to 40) is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bailey & Co.

Nampa, Idaho
March 21, 2011

Owyhee County, Idaho
Statement of Net Assets
September 30, 2010

	Primary Government		Component Unit
	Governmental Activities	Total	
Assets			
Cash and Cash Equivalents	\$ 4,490,129	\$ 4,490,129	\$ 0
Receivables, Net:			
Property Taxes	194,128	194,128	0
Prepaid Expenses	30,809	30,809	0
Capital Assets:			
Land	626,628	626,628	0
Buildings and Improvements, Net	4,402,974	4,402,974	0
Equipment, Net	546,878	546,878	0
Total Capital Assets	5,576,480	5,576,480	0
Total Assets	10,291,546	10,291,546	0
Liabilities			
Accounts Payable and Other Current Liabilities	373,934	373,934	2,476
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences	40,829	40,829	0
Due in More Than One Year:			
Other Post-Employment Benefits	4,628	4,628	0
Compensated Absences	40,839	40,839	0
Total Liabilities	460,230	460,230	2,476
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,576,480	5,576,480	0
Restricted - Prepaid Items	30,809	30,809	0
Unrestricted (Deficit) Surplus	4,224,027	4,224,027	(2,476)
Total Net Assets	\$ 9,831,316	\$ 9,831,316	\$ (2,476)

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

Owyhee County, Idaho
Statement of Activities
For the Year Ended September 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 2,117,719	\$ 165,579	\$ 33,484	\$ 0
Public Safety	2,076,886	238,850	90,090	0
Highways and Streets	1,233,797	174,560	0	0
Sanitation	326,463	0	0	0
Health	49,205	0	33,415	0
Welfare	371,386	0	0	0
Education	39,302	0	0	0
Culture and Recreation	124,795	5,872	0	0
Total Governmental Activities	<u>6,339,553</u>	<u>584,861</u>	<u>156,989</u>	<u>0</u>
Total Primary Government	<u>\$ 6,339,553</u>	<u>\$ 584,861</u>	<u>\$ 156,989</u>	<u>\$ 0</u>
Component Unit:				
Owyhee County Fair Board	<u>\$ 25,347</u>	<u>\$ 12,193</u>	<u>\$ 300</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
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		Component Unit
Governmental Activities	Total	
\$ (1,918,656)	\$ (1,918,656)	\$ 0
(1,747,946)	(1,747,946)	0
(1,059,237)	(1,059,237)	0
(326,463)	(326,463)	0
(15,790)	(15,790)	0
(371,386)	(371,386)	0
(39,302)	(39,302)	0
(118,923)	(118,923)	0
<u>(5,597,703)</u>	<u>(5,597,703)</u>	<u>0</u>
	0	
<u>(5,597,703)</u>	<u>(5,597,703)</u>	<u>0</u>
		<u>\$ (12,854)</u>
2,226,802	2,226,802	0
1,164,296	1,164,296	0
2,257,963	2,257,963	8,565
112,813	112,813	0
(1,054)	(1,054)	0
<u>5,760,820</u>	<u>5,760,820</u>	<u>8,565</u>
163,117	163,117	(4,289)
9,668,199	9,668,199	1,813
<u>\$ 9,831,316</u>	<u>\$ 9,831,316</u>	<u>\$ (2,476)</u>

Owyhee County, Idaho
Balance Sheet -
Governmental Funds
September 30, 2010

	General	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 2,720,416	\$ 691,687	\$ 1,078,026	\$ 4,490,129
Property Taxes Receivable, Net	92,808	19,010	82,310	194,128
Prepaid Expenses	24,740	2,799	3,270	30,809
Total Assets	<u>\$ 2,837,964</u>	<u>\$ 713,496</u>	<u>\$ 1,163,606</u>	<u>\$ 4,715,066</u>
Liabilities and Fund Balances				
Liabilities:				
Salaries and Benefits Payable	\$ 50,431	\$ 9,930	\$ 14,702	\$ 75,063
Warrants and Accounts Payable	115,640	58,334	124,897	298,871
Deferred Revenue	84,651	17,894	74,914	177,459
Total Liabilities	<u>250,722</u>	<u>86,158</u>	<u>214,513</u>	<u>551,393</u>
Fund Balances:				
Nonspendable	24,740	2,799	3,270	30,809
Unrestricted:				
Assigned	0	624,539	945,823	1,570,362
Unassigned	2,562,502	0	0	2,562,502
Total Fund Balance	<u>2,587,242</u>	<u>627,338</u>	<u>949,093</u>	<u>4,163,673</u>
Total Liabilities and Fund Balances	<u>\$ 2,837,964</u>	<u>\$ 713,496</u>	<u>\$ 1,163,606</u>	<u>\$ 4,715,066</u>

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

Owyhee County, Idaho
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Assets
 September 30, 2010

Total Fund Balances - Governmental Funds \$ 4,163,673

Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	\$ 626,628	
Buildings and Improvements, Net of \$4,136,840 Accum. Depreciation	4,402,974	
Equipment, Net of \$3,072,074 Accumulated Depreciation	<u>546,878</u>	
		5,576,480

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.		177,459
--	--	---------

Long-term liabilities, including compensated absences, other post-employment benefits, 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:

Other Post-Employment Benefits	(4,628)	
Compensated Absences	<u>(81,668)</u>	
		<u>(86,296)</u>

Net Assets of Governmental Activities		<u>\$ 9,831,316</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, 2010

	General	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 881,033	\$ 375,285	\$ 942,784	\$ 2,199,102
State Funds	126,236	946,717	248,332	1,321,285
Other Revenues	2,591,838	32,850	218,136	2,842,824
Interest Earned	112,813	0	0	112,813
Total Revenues	<u>3,711,920</u>	<u>1,354,852</u>	<u>1,409,252</u>	<u>6,476,024</u>
Expenditures				
Current:				
General Government	1,410,385	0	558,847	1,969,232
Public Safety	1,865,548	0	70,073	1,935,621
Highways and Streets	0	1,150,498	0	1,150,498
Sanitation	0	0	322,613	322,613
Health	0	0	49,205	49,205
Welfare	0	0	371,386	371,386
Education	0	0	39,302	39,302
Culture and Recreation	0	0	105,267	105,267
Capital Outlay	19,000	1,218	64,292	84,510
Total Expenditures	<u>3,294,933</u>	<u>1,151,716</u>	<u>1,580,985</u>	<u>6,027,634</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>416,987</u>	<u>203,136</u>	<u>(171,733)</u>	<u>448,390</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	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	416,987	203,136	(171,733)	448,390
Fund Balances - Beginning	2,170,255	424,202	1,120,826	3,715,283
Fund Balances - Ending	<u>\$ 2,587,242</u>	<u>\$ 627,338</u>	<u>\$ 949,093</u>	<u>\$ 4,163,673</u>

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

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, 2010

Total Net Change in Fund Balance - Governmental Funds	\$ 448,390
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 depreciation expense (\$365,005) exceeds capital outlays (\$50,287) in the period.	(314,718)
In the Statement of Activities, the gain/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.	(1,054)
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.	27,700
Compensated absences and other post-employment benefits 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.	<u>2,799</u>
Change in Net Assets of Governmental Activities	<u>\$ 163,117</u>

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

Owyhee County, Idaho
Statement of Fiduciary Net Assets - Fiduciary Funds
September 30, 2010

	<u>Agency Funds</u>	<u>Pension Benefit Trust Fund</u>	<u>Total</u>
Assets			
Cash and Investments	\$ 2,655,637	\$ 203,949	\$ 2,859,586
Property Taxes Receivable	293,802	0	293,802
Total Assets	<u>\$ 2,949,439</u>	<u>203,949</u>	<u>\$ 3,153,388</u>
Liabilities			
Warrants and Accounts Payable	\$ 325,254	0	\$ 325,254
Due to Other Funds or Taxing Units	2,624,185	0	2,624,185
Total Liabilities	<u>\$ 2,949,439</u>	<u>0</u>	<u>2,949,439</u>
Net Assets Held in Trust		<u>\$ 203,949</u>	<u>\$ 203,949</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, 2010

	Pension Benefit Trust Fund
Additions	
Contributions	\$ 13,150
Total Contributions	13,150
Investment Income:	
Net Increase (Decrease) in Fair Value of Investments	15,668
Less: Investment Expense	(1,327)
Net Investment Income	14,341
Total Additions	27,491
Deductions	
Withdrawals	1,293
Total Deductions	1,293
Change in Net Assets	26,198
Net Assets - Beginning	177,751
Net Assets - Ending	\$ 203,949

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

Owyhee County, Idaho
Balance Sheet -
Component Unit
September 30, 2010

	Fair Board
Assets	
Cash and Cash Equivalents	\$ 0
Total Assets	\$ 0
 Liabilities	
Accounts Payable and Other Current Liabilities	\$ 2,476
Total Liabilities	2,476
 Fund Balance	
Unassigned	(2,476)
Total Liabilities and Fund Balance	\$ 0

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, 2010

	<u>Fair Board</u>
Revenues	
Charges for Services	\$ 12,193
Miscellaneous	8,865
Total Revenues	<u>21,058</u>
 Expenses	
Current:	
Operating Expenses	23,847
Insurance	1,500
Total Expenses	<u>25,347</u>
 Net Change in Fund Balances	<u>(4,289)</u>
 Fund Balance - Beginning	<u>1,813</u>
Fund Balance - Ending	<u>\$ (2,476)</u>

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

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 considered component units of the County:

- 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. The Fair Board was audited along with the County and its financial statements are presented as a discretely presented component unit.

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, 2010

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.

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 of results of operations.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

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

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

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statements and in governmental fund financial statements. The County uses the following fund balance categories in the governmental fund financial statements:

- *Nonspendable.* Balances, for example, in permanent funds, prepaid expenses, and inventories that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Committed.* Balances that are constrained by the highest level of decision making authority of the entity. Constraints can only be removed by taking the same type of action that imposed the constraints.
- *Assigned.* Balances intended for a specific purpose by the County's management.
- *Unassigned.* Balances available for any purpose.

The Board of Commissioners is the highest level of decision making authority and is also the same body authorized to assign balances to a specific purpose. There is no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, when both restricted and unrestricted resources are available for use, it is the County's intent to use restricted resources first, then committed unrestricted resources, then assigned unrestricted resources, and then unassigned unrestricted resources.

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, 2010

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.

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:

	<u>Capitalization</u> <u>Policy</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>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.

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 zero as of September 30, 2010.

Warrants and Accounts Payable

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2010, the carrying amount of the County's deposits was \$2,729,684 and the respective bank balances totaled \$1,867,874. Of the total bank balance, \$1,436 was not 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, 2010, \$1,436 of the County's deposits were not 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 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 U.S. government bonds, the asset back securities, \$52,163 of the money market accounts, and all of the certificates of deposit are held by Multi-Bank Securities, Inc. totaling \$3,102,712. The certificates of deposits are held by FIDC insured banks and are also included in the totals for insured deposits above. The County does not have a formal policy limiting its custodial credit risk for investments.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

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 not rated. 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 also holds other investments. 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, 2010, are summarized below:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1 Year	1 - 5 Years	>5
State Investment Pool	None	\$ 1,526,415	\$ 1,526,415	\$ 0	\$ 0
U.S. Government Bonds	AAA	2,708,030	0	813,329	1,894,701
Asset Backed Securities	None	140,953	140,953	0	0
Certificates of Deposit	N/A	200,966	100,303	100,663	0
Money Market	N/A	1,086,930	1,086,930	0	0
		<u>\$ 5,663,294</u>	<u>\$ 2,854,601</u>	<u>\$ 913,992</u>	<u>\$ 1,894,701</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	\$ (1,173,165)	\$ (2,476)	\$ (1,175,641)	\$ 2,655,637
Investments categorized as deposits	<u>5,663,294</u>	<u>0</u>	<u>5,663,294</u>	<u>203,949</u>
	<u>\$ 4,490,129</u>	<u>\$ (2,476)</u>	<u>\$ 4,487,653</u>	<u>\$ 2,859,586</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

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	\$ 570	\$ 15,506
Tax Collector Trust	17,546	17,546
Inmate Trust	12,857	13,586
	<u>\$ 30,973</u>	<u>\$ 46,638</u>

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2010, was as follows:

	<u>Balance</u> <u>10/1/2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2010</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 626,628	\$ 0	\$ 0	\$ 626,628
Capital Assets Being Depreciated:				
Buildings and Improvements	8,539,814	0	0	8,539,814
Equipment	<u>3,620,557</u>	<u>50,287</u>	<u>51,892</u>	<u>3,618,952</u>
Total Historical Cost	<u>12,160,371</u>	<u>50,287</u>	<u>51,892</u>	<u>12,158,766</u>
Less: Accumulated Depreciation				
Buildings and Improvements	3,935,480	201,360	0	4,136,840
Equipment	<u>2,959,267</u>	<u>163,645</u>	<u>50,838</u>	<u>3,072,074</u>
Total Acc. Depr.	<u>6,894,747</u>	<u>365,005</u>	<u>50,838</u>	<u>7,208,914</u>
Net Depreciable Assets	<u>5,265,624</u>	<u>(314,718)</u>	<u>1,054</u>	<u>4,949,852</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 5,892,252</u>	<u>\$ (314,718)</u>	<u>\$ 1,054</u>	<u>\$ 5,576,480</u>

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

3. CAPITAL ASSETS (continued)

Governmental Activities:	
General Government	\$ 117,063
Public Safety	141,265
Sanitation	3,850
Highways and Streets	83,299
Culture and Recreation	19,528
	<u>\$ 365,005</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 five 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, 2010, 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 \$228,067, \$245,770, and \$275,840 for the three years ended September 30, 2010, 2009, and 2008, respectively.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

5. 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.

The County also entered into a lease for a copier in September 2010. The lease is for 60 months ending August 2015.

Future minimum lease payments are as follows:

Year Ending September 30,	<u>Amount</u>
2011	\$ 7,448
2012	7,448
2013	7,448
2014	7,448
2015	<u>2,244</u>
	<u>\$ 32,036</u>

Rent expenditures for the year ended September 30, 2010, were \$35,384.

6. 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.

7. 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>10/1/2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2010</u>	<u>Current</u>
Governmental Activities	<u>\$ 89,095</u>	<u>\$ 98,159</u>	<u>\$ 105,586</u>	<u>\$ 81,668</u>	<u>\$ 40,829</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

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. OTHER POST-EMPLOYMENT BENEFITS

The County's Post-Retirement Healthcare Plan is a single-employer defined benefit healthcare plan administered by GemPlan. GemPlan contracts with Blue Cross of Idaho to provide medical and prescriptions drug insurance benefits to eligible retirees and their eligible dependents. A retiree who retires while participating in the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the County's health insurance until age 65 or until the retiree is eligible for coverage under Medicare. Retirement eligibility is determined based on a minimum age of 55 with at least five years of service with an employer that participates in PERSI. Retirees are on the same medical plan as the County's active employees.

Other post-employment benefits (OPEB) have historically been funded on a pay-as-you-go basis. Under government accounting standards, plan sponsors may set up a trust and pre-fund benefits. There is no requirement to pre-fund benefits. However, if benefits are not pre-funded, a net OPEB obligation is created and will grow over time. The County has not pre-funded these benefits. The contribution requirement of plan members is established by the Board of Commissioners in conjunction with the insurance provider. Monthly contribution rates in effect for retirees under age 65 during fiscal year 2010 were \$447 for a single person or \$881 with a spouse.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Post-employment benefits are determined on an actuarial basis. Actuarial valuations of these benefits were done as of October 1, 2009, and are determined on a prospective basis. The County's plan is considered unfunded, since there are no plan assets. Therefore, the actuarial accrued liability and the unfunded actuarially accrued liability are equal. The unfunded actuarially accrued liability is \$87,242 or 4.4% of covered payroll. The annual required contribution (ARC) for fiscal year 2010 is \$9,498. The ARC is made up of benefits earned in the current period and an amortized portion of the unfunded actuarially accrued liability. The expense and offsetting liability are reflected in the government-wide financial statements. The table below summarizes the OPEB costs.

Annual required contribution	\$ 9,291
Interest on net OPEB obligation	207
Estimated employer contribution	<u>(4,870)</u>
Increase in net OPEB obligation	4,628
Net OPEB obligation - beginning of year	<u>0</u>
Net OPEB obligation - end of year	<u><u>\$ 4,628</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost to be contributed to the plan, and the net OPEB obligation for the current and two preceding fiscal years are as follows:

Year Ending September 30,	Annual OPEB Cost	Estimated Contribution as a % of Annual OPEB Cost	Net OPEB Obligation
2010	\$ 9,498	51%	\$ 4,628
2011	9,438	23%	11,856
2012	9,315	39%	17,548

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2010

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

The following is a schedule of funding progress intended to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. As this is the first year for determining the County's OPEB obligation, no trends are yet developed.

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2009	\$ 0	\$ 87,242	\$ 87,242	0%	\$ 1,971,210	4.4%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the October 1, 2009, actuarial valuation the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate assuming the County will fund the retirement benefit on a pay-as-you-go basis. The valuation assumes 30% of eligible retirees and, of that 30%, 25% of their spouses will participate in the plan; an initial annual healthcare cost trend rate of 9%, decreasing gradually over eight years until reaching an ultimate rate of 5%; and the UAAL is being amortized as a level dollar of projected payrolls over a thirty year period on a closed basis.

REQUIRED SUPPLEMENTARY INFORMATION

Owyhee County, Idaho
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 869,697	\$ 869,697	\$ 881,033	\$ 11,336
State Funds	127,066	127,066	126,236	(830)
Other Revenues	2,726,389	2,726,389	2,591,838	(134,551)
Interest Earned	0	0	112,813	112,813
Total Revenues	<u>3,723,152</u>	<u>3,723,152</u>	<u>3,711,920</u>	<u>(11,232)</u>
Expenditures				
Current:				
Salaries	1,868,607	1,868,607	1,753,000	115,607
Benefits	696,598	696,598	634,882	61,716
Operating Expenses	1,040,697	1,040,697	888,051	152,646
Capital Outlay	117,250	117,250	19,000	98,250
Total Expenditures	<u>3,723,152</u>	<u>3,723,152</u>	<u>3,294,933</u>	<u>428,219</u>
 Net Change in Fund Balances	 0	 0	 416,987	 416,987
 Fund Balance - Beginning	 0	 0	 2,170,255	 2,170,255
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,587,242</u>	<u>\$ 2,587,242</u>

Owyhee County, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Road and Bridge
For the Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 384,430	\$ 384,430	\$ 375,285	\$ (9,145)
State Funds	961,668	961,668	946,717	(14,951)
Other Revenues	8,068	8,068	32,850	24,782
Total Revenues	<u>1,354,166</u>	<u>1,354,166</u>	<u>1,354,852</u>	<u>686</u>
Expenditures				
Current:				
Salaries	280,809	280,809	239,687	41,122
Benefits	109,957	109,957	92,551	17,406
Operating Expenses	1,003,400	1,003,400	818,260	185,140
Capital Outlay	40,000	40,000	1,218	38,782
Total Expenditures	<u>1,434,166</u>	<u>1,434,166</u>	<u>1,151,716</u>	<u>282,450</u>
Net Change in Fund Balances	(80,000)	(80,000)	203,136	283,136
Fund Balance - Beginning	80,000	80,000	424,202	344,202
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 627,338</u>	<u>\$ 627,338</u>

Owyhee County, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2010

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.
- H. 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, 2010

	Budget	Actual	Variance
Revenues			
Property Taxes	\$ 869,697	\$ 881,033	\$ 11,336
Ag Replacement	127,066	126,236	(830)
Other Revenues	2,726,389	2,591,838	(134,551)
Interest Earned	0	112,813	112,813
Total Revenues	\$ 3,723,152	\$ 3,711,920	\$ (11,232)

Owyhee County, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure
- Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2010

	Budget	Actual	Variance
Clerk/Auditor			
Salaries	\$ 238,811	\$ 235,857	\$ 2,954
Benefits	93,558	90,418	3,140
Operating Expenses	7,100	4,268	2,832
Capital Outlay	500	0	500
	<u>339,969</u>	<u>330,543</u>	<u>9,426</u>
Assessor			
Salaries	141,466	124,399	17,067
Benefits	51,563	46,676	4,887
Operating Expenses	14,200	11,721	2,479
Capital Outlay	1,500	0	1,500
	<u>208,729</u>	<u>182,796</u>	<u>25,933</u>
Treasurer/Tax Collector			
Salaries	80,009	79,022	987
Benefits	27,131	25,343	1,788
Operating Expenses	9,650	6,445	3,205
Capital Outlay	750	0	750
	<u>117,540</u>	<u>110,810</u>	<u>6,730</u>
Sheriff			
Salaries	614,799	551,621	63,178
Benefits	217,175	196,860	20,315
Operating Expenses	205,750	256,463	(50,713)
Capital Outlay	48,000	0	48,000
	<u>1,085,724</u>	<u>1,004,944</u>	<u>80,780</u>
Commissioners			
Salaries	69,189	69,189	0
Benefits	31,059	28,079	2,980
Operating Expenses	41,850	23,288	18,562
	<u>142,098</u>	<u>120,556</u>	<u>21,542</u>
Coroner			
Salaries	13,828	13,874	(46)
Benefits	8,862	3,402	5,460
Operating Expenses	21,350	9,919	11,431
Capital Outlay	500	0	500
	<u>44,540</u>	<u>27,195</u>	<u>17,345</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, 2010
 (continued)

	Budget	Actual	Variance
Prosecuting Attorney			
Salaries	149,295	142,473	6,822
Benefits	33,966	35,552	(1,586)
Operating Expenses	16,150	15,757	393
Capital Outlay	1,500	220	1,280
	<u>200,911</u>	<u>194,002</u>	<u>6,909</u>
Buildings and Grounds			
Salaries	37,044	36,671	373
Benefits	14,307	14,153	154
Operating Expenses	53,800	32,236	21,564
Capital Outlay	13,000	16,580	(3,580)
	<u>118,151</u>	<u>99,640</u>	<u>18,511</u>
Civil Defense			
Operating Expenses	500	150	350
Capital Outlay	47,000	1,200	45,800
	<u>47,500</u>	<u>1,350</u>	<u>46,150</u>
County Agent			
Salaries	60,492	58,444	2,048
Benefits	23,405	21,734	1,671
Operating Expenses	31,600	31,540	60
Capital Outlay	1,000	1,000	0
	<u>116,497</u>	<u>112,718</u>	<u>3,779</u>
Elections			
Salaries	10,050	9,113	937
Operating Expenses	9,500	10,937	(1,437)
Capital Outlay	500	0	500
	<u>20,050</u>	<u>20,050</u>	<u>0</u>
Building Department			
Salaries	31,110	30,451	659
Benefits	13,941	11,886	2,055
Operating Expenses	5,400	4,548	852
	<u>50,451</u>	<u>46,885</u>	<u>3,566</u>
Planning and Zoning			
Salaries	58,470	53,483	4,987
Benefits	23,751	18,576	5,175
Operating Expenses	42,300	9,846	32,454
	<u>124,521</u>	<u>81,905</u>	<u>42,616</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, 2010
 (continued)

	Budget	Actual	Variance
General			
Operating Expenses	298,547	224,358	74,189
	<u>298,547</u>	<u>224,358</u>	<u>74,189</u>
Technology			
Operating Expenses	138,000	97,704	40,296
	<u>138,000</u>	<u>97,704</u>	<u>40,296</u>
Jail			
Salaries	364,044	348,403	15,641
Benefits	157,880	142,203	15,677
Operating Expenses	145,000	148,871	(3,871)
Capital Outlay	3,000	0	3,000
	<u>669,924</u>	<u>639,477</u>	<u>30,447</u>
 Total Expenditures	 <u>\$ 3,723,152</u>	 <u>\$ 3,294,933</u>	 <u>\$ 428,219</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2010

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds
Assets					
Cash and Cash Equivalents	\$ 25,093	\$ 40,034	\$ 127,899	\$ 32,658	\$ 18,044
Property Taxes Receivable	0	0	10	2,919	3,568
Prepaid Expenses	0	0	0	0	0
Total Assets	\$ 25,093	\$ 40,034	\$ 127,909	\$ 35,577	\$ 21,612
Liabilities					
Salaries and Benefits Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Warrants and Accounts Payable	0	0	20,802	8,094	1,552
Deferred Revenue	0	0	0	2,675	3,250
Total Liabilities	0	0	20,802	10,769	4,802
Fund Balances					
Nonspendable	0	0	0	0	0
Unrestricted:					
Assigned	25,093	40,034	107,107	24,808	16,810
Total Fund Balances	25,093	40,034	107,107	24,808	16,810
Total Liabilities and Fund Balances	\$ 25,093	\$ 40,034	\$ 127,909	\$ 35,577	\$ 21,612

Health County	Historical Society	Indigent and Charity	Junior College	Pest	Subtotal
\$ 9,070	\$ 7,122	\$ 163,590	\$ 114,902	\$ 4,382	\$ 542,794
3,343	3,170	16,083	0	360	29,453
0	467	0	0	0	467
<u>\$ 12,413</u>	<u>\$ 10,759</u>	<u>\$ 179,673</u>	<u>\$ 114,902</u>	<u>\$ 4,742</u>	<u>\$ 572,714</u>

\$ 0	\$ 1,146	\$ 1,050	\$ 0	\$ 0	\$ 2,196
4,103	607	32,946	12,850	0	80,954
3,063	2,903	14,672	0	332	26,895
<u>7,166</u>	<u>4,656</u>	<u>48,668</u>	<u>12,850</u>	<u>332</u>	<u>110,045</u>
0	467	0	0	0	467
<u>5,247</u>	<u>5,636</u>	<u>131,005</u>	<u>102,052</u>	<u>4,410</u>	<u>462,202</u>
<u>5,247</u>	<u>6,103</u>	<u>131,005</u>	<u>102,052</u>	<u>4,410</u>	<u>462,669</u>
<u>\$ 12,413</u>	<u>\$ 10,759</u>	<u>\$ 179,673</u>	<u>\$ 114,902</u>	<u>\$ 4,742</u>	<u>\$ 572,714</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2010
(continued)

	Subtotal	Revaluation	Solid Waste	Tort	Veterans Memorial
Assets					
Cash and Cash Equivalents	\$ 542,794	\$ 79,776	\$ 136,644	\$ 67,666	\$ 1,625
Property Taxes Receivable	29,453	11,883	24,030	6,056	81
Prepaid Expenses	467	933	28	0	0
Total Assets	\$ 572,714	\$ 92,592	\$ 160,702	\$ 73,722	\$ 1,706
Liabilities					
Salaries and Benefits Payable	\$ 2,196	\$ 4,592	\$ 2,245	\$ 50	\$ 0
Warrants and Accounts Payable	80,954	3,916	28,667	268	0
Deferred Revenue	26,895	10,848	21,386	5,528	75
Total Liabilities	110,045	19,356	52,298	5,846	75
Fund Balances					
Nonspendable	467	933	28	0	0
Unrestricted:					
Assigned	462,202	72,303	108,376	67,876	1,631
Total Fund Balances	462,669	73,236	108,404	67,876	1,631
Total Liabilities and Fund Balances	\$ 572,714	\$ 92,592	\$ 160,702	\$ 73,722	\$ 1,706

	Warrant Redemption	Weeds	Probation	911	Total
\$	5,740	57,288	\$ 27,822	\$ 158,671	\$ 1,078,026
	0	2,931	7,876	0	82,310
	0	443	1,399	0	3,270
<u>\$</u>	<u>5,740</u>	<u>\$ 60,662</u>	<u>\$ 37,097</u>	<u>\$ 158,671</u>	<u>\$ 1,163,606</u>

\$	0	\$ 1,639	\$ 3,980	\$ 0	\$ 14,702
	0	1,806	8,100	1,186	124,897
	0	2,965	7,217	0	74,914
	0	6,410	19,297	1,186	214,513

	0	443	1,399	0	3,270
	5,740	53,809	16,401	157,485	945,823
	5,740	54,252	17,800	157,485	949,093
<u>\$</u>	<u>5,740</u>	<u>\$ 60,662</u>	<u>\$ 37,097</u>	<u>\$ 158,671</u>	<u>\$ 1,163,606</u>

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2010

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds
Revenues					
Property Taxes	\$ 0	\$ 0	\$ (346)	\$ 38,505	\$ 38,447
State Funds	0	0	17,394	11,417	11,608
Other Revenues	0	0	35,648	0	0
Total Revenues	0	0	52,696	49,922	50,055
Expenditures					
Current:					
Salaries	0	0	0	15,750	0
Benefits	0	0	0	0	0
Operating Expenses	22,717	0	93,801	16,433	22,526
Capital Outlay	0	0	0	0	16,386
Total Expenditures	22,717	0	93,801	32,183	38,912
Excess (Deficiency) of Revenues Over Expenditures	(22,717)	0	(41,105)	17,739	11,143
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources	0	0	0	0	0
Net Change in Fund Balances	(22,717)	0	(41,105)	17,739	11,143
Fund Balances - Beginning	47,810	40,034	148,212	7,069	5,667
Fund Balances - Ending	\$ 25,093	\$ 40,034	\$ 107,107	\$ 24,808	\$ 16,810

Health County	Historical Society	Indigent and Charity	Junior College	Subtotal
\$ 38,741	\$ 41,470	\$ 163,939	\$ 0	\$ 320,756
12,252	12,339	53,898	24,963	143,871
0	0	48,063	0	83,711
50,993	53,809	265,900	24,963	548,338
0	29,515	27,048	0	72,313
0	11,647	10,924	0	22,571
49,205	9,396	333,414	39,302	586,794
0	0	0	0	16,386
49,205	50,558	371,386	39,302	698,064
1,788	3,251	(105,486)	(14,339)	(149,726)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
1,788	3,251	(105,486)	(14,339)	(149,726)
3,459	2,852	236,491	116,391	607,985
\$ 5,247	\$ 6,103	\$ 131,005	\$ 102,052	\$ 458,259

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2010
(continued)

	Subtotal	Pest	Revaluation	Solid Waste	Tort
Revenues					
Property Taxes	\$ 320,756	\$ 6,143	\$ 149,793	\$ 275,801	\$ 63,473
State Funds	143,871	0	44,643	18,727	20,403
Other Revenues	83,711	1,564	0	1,243	0
Total Revenues	548,338	7,707	194,436	295,771	83,876
Expenditures					
Current:					
Salaries	72,313	0	118,241	59,282	1,720
Benefits	22,571	0	47,346	14,431	128
Operating Expenses	586,794	5,300	17,762	200,034	78,445
Capital Outlay	16,386	0	0	25,146	0
Total Expenditures	698,064	5,300	183,349	298,893	80,293
Excess (Deficiency) of Revenues Over Expenditures	(149,726)	2,407	11,087	(3,122)	3,583
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources	0	0	0	0	0
Net Change in Fund Balances	(149,726)	2,407	11,087	(3,122)	3,583
Fund Balances - Beginning	607,985	2,003	62,149	111,526	64,293
Fund Balances - Ending	\$ 458,259	\$ 4,410	\$ 73,236	\$ 108,404	\$ 67,876

Veterans Memorial	Warrant Redemption	Weeds	Probation	911	Total
\$ 933	\$ 0	\$ 47,052	\$ 78,833	\$ 0	\$ 942,784
297	0	13,819	6,572	0	248,332
0	0	38,091	93,527	0	218,136
1,230	0	98,962	178,932	0	1,409,252
0	0	15,134	102,501	0	369,191
0	0	2,246	40,205	0	126,927
0	0	26,186	35,981	70,073	1,020,575
0	0	22,760	0	0	64,292
0	0	66,326	178,687	70,073	1,580,985
1,230	0	32,636	245	(70,073)	(171,733)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,230	0	32,636	245	(70,073)	(171,733)
401	5,740	21,616	17,555	227,558	1,120,826
\$ 1,631	\$ 5,740	\$ 54,252	\$ 17,800	\$ 157,485	\$ 949,093

Owyhee County, Idaho
 Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
 September 30, 2010

	State of Idaho	Special Taxing County	Miscellaneous Trust	Sensitive Species Research
Assets				
Cash and Cash Equivalents	\$ 87,385	\$ 93,911	\$ 1,869,209	\$ 21,608
Property Taxes Receivable	0	293,802	0	0
Total Assets	\$ 87,385	\$ 387,713	\$ 1,869,209	\$ 21,608
Liabilities				
Warrants and Accounts Payable	69,428	19,069	236,757	0
Due to Other Funds or Taxing Units	17,957	368,644	1,632,452	21,608
Total Liabilities	\$ 87,385	\$ 387,713	\$ 1,869,209	\$ 21,608

Community Guardians	911 Trust Account	Hazardous Waste	Owyhee County Initiative	Total
\$ 0	\$ 211,577	\$ 368,276	\$ 3,671	\$ 2,655,637
0	0	0	0	293,802
<u>\$ 0</u>	<u>\$ 211,577</u>	<u>\$ 368,276</u>	<u>\$ 3,671</u>	<u>\$ 2,949,439</u>

0	0	0	0	325,254
0	211,577	368,276	3,671	2,624,185
<u>\$ 0</u>	<u>\$ 211,577</u>	<u>\$ 368,276</u>	<u>\$ 3,671</u>	<u>\$ 2,949,439</u>

FEDERAL REPORTS



Certified Public Accountants

Jared Zwygart, CPA
Weston Flamm, CPA
James Washburn, CPA

812-B 12th Ave. South
P.O. Box 876
Nampa ID 83653-0876
208 466-2493
FAX 208 467-2000
www.BaileyCPAs.com

**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, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 21, 2011. 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, described below that

we consider to be significant deficiencies in internal control over financial reporting. 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.

2010-1: 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 County'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 and footnotes.

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, the Board of Commissioners, others within the entity, 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
March 21, 2011

Owyhee County, Idaho
Management's Response to Findings
For the Year Ended September 30, 2010

2010-1: 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.