

OWYHEE COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2011

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Independent Auditor's Report

Board of Commissioners
Owyhee County, Idaho
Murphy, Idaho

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Owyhee County, Idaho**, as of and for the year ended September 30, 2011, 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, 2011, 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 14, 2012, 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 28 through 32 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 33 to 46) 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 14, 2012

Owyhee County, Idaho
Statement of Net Assets
September 30, 2011

	Primary Government	Component
	Governmental Activities	Unit
Assets		
Cash and Cash Equivalents	\$ 1,661,608	\$ 11,858
Receivables, Net:		
Property Taxes	153,079	0
Due From Other Governments	33,576	0
Prepaid Items	30,809	0
Noncurrent Cash and Cash Equivalents	2,798,564	0
Capital Assets:		
Land	626,628	0
Buildings and Improvements, Net	4,201,517	0
Equipment, Net	637,696	0
Total Capital Assets	5,465,841	0
Total Assets	10,143,477	11,858
Liabilities		
Accounts Payable and Other Current Liabilities	297,909	0
Long-Term Liabilities:		
Due Within One Year:		
Compensated Absences	40,843	0
Due in More Than One Year:		
Other Post-Employment Benefits	11,856	0
Compensated Absences	31,899	0
Total Liabilities	382,507	0
Net Assets		
Invested in Capital Assets, Net of Related Debt	5,465,841	0
Restricted	1,801,571	0
Unrestricted	2,493,558	11,858
Total Net Assets	\$ 9,760,970	\$ 11,858

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

Owyhee County, Idaho
Statement of Activities
For the Year Ended September 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit	
Primary Government:						
Governmental Activities:						
General Government	\$ 2,299,187	\$ 220,319	\$ 36,700	\$ 0	\$ (2,042,168)	\$ 0
Public Safety	2,050,436	239,185	15,583	0	(1,795,668)	0
Highways and Streets	1,246,524	197,929	13,534	0	(1,035,061)	0
Sanitation	376,596	90,601	0	0	(285,995)	0
Health	51,714	0	40,826	0	(10,888)	0
Welfare	396,659	0	0	0	(396,659)	0
Education	26,100	0	0	0	(26,100)	0
Culture and Recreation	117,367	16,459	0	0	(100,908)	0
Total Primary Government	\$ 6,564,583	\$ 764,493	\$ 106,643	\$ 0	(5,693,447)	0
 Component Unit:						
Fair Board	\$ 30,395	\$ 9,285	\$ 4,320	\$ 0		\$ (16,790)

General Revenues:		
Property Taxes	1,933,305	0
Intergovernmental	3,171,001	28,000
Other	404,842	315
Unrestricted Investment Earnings	62,229	1
Disposal of Assets	51,724	0
Total General Revenues and Special Items	5,623,101	28,316
Change in Net Assets	(70,346)	11,526
Net Assets, Beginning of Year - As Restated	9,831,316	332
Net Assets, End of Year	\$ 9,760,970	\$ 11,858

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

Owyhee County, Idaho
 Balance Sheet -
 Governmental Funds
 September 30, 2011

	General	Road and Bridge	Solid Waste	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 2,527,106	\$ 739,526	\$ 263,811	\$ 929,729	\$ 4,460,172
Property Taxes Receivable, Net	59,294	17,855	26,451	49,479	153,079
Due From Other Governments	31,559	2,017	0	0	33,576
Prepaid Items	24,740	2,799	28	3,242	30,809
Total Assets	<u>\$ 2,642,699</u>	<u>\$ 762,197</u>	<u>\$ 290,290</u>	<u>\$ 982,450</u>	<u>\$ 4,677,636</u>
Liabilities and Fund Balances					
Liabilities:					
Salaries and Benefits Payable	\$ 18,738	\$ 3,996	\$ 772	\$ 4,428	\$ 27,934
Warrants and Accounts Payable	137,635	67,468	30,575	34,297	269,975
Deferred Revenue	53,043	16,448	23,920	45,393	138,804
Total Liabilities	<u>209,416</u>	<u>87,912</u>	<u>55,267</u>	<u>84,118</u>	<u>436,713</u>
Fund Balances:					
Nonspendable - Prepaid Items	24,740	2,799	28	3,242	30,809
Restricted		671,486	234,995	895,090	1,801,571
Unassigned	2,408,543	0	0	0	2,408,543
Total Fund Balance	<u>2,433,283</u>	<u>674,285</u>	<u>235,023</u>	<u>898,332</u>	<u>4,240,923</u>
Total Liabilities and Fund Balances	<u>\$ 2,642,699</u>	<u>\$ 762,197</u>	<u>\$ 290,290</u>	<u>\$ 982,450</u>	<u>\$ 4,677,636</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, 2011

Total Fund Balances - Governmental Funds \$ 4,240,923

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 \$4,338,297 Accum. Depreciation	4,201,517	
Equipment, Net of \$3,159,211 Accumulated Depreciation	<u>637,696</u>	
		5,465,841

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.	138,804
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Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Assets.

Other Post-Employment Benefits	(11,856)	
Compensated Absences	<u>(72,742)</u>	
		<u>(84,598)</u>

Net Assets of Governmental Activities	<u><u>\$ 9,760,970</u></u>
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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, 2011

	General	Road and Bridge	Solid Waste	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 571,413	\$ 295,985	\$ 374,868	\$ 729,694	\$ 1,971,960
Intergovernmental	1,873,667	933,845	62,164	301,325	3,171,001
Grants and Contributions	29,649	0	0	76,994	106,643
Charges for Services	624,293	28,865	715	110,620	764,493
Other Revenues	203,142	22,394	10,504	168,802	404,842
Interest Earned	62,229	0	0	0	62,229
Total Revenues	3,364,393	1,281,089	448,251	1,387,435	6,481,168
Expenditures					
Current:					
General Government	1,546,527	0	0	592,519	2,139,046
Public Safety	1,890,245	0	0	34,384	1,924,629
Highways and Streets	0	1,173,513	0	0	1,173,513
Sanitation	0	0	271,406	99,808	371,214
Health	0	0	0	51,714	51,714
Welfare	0	0	0	396,659	396,659
Education	0	0	0	26,100	26,100
Culture and Recreation	0	0	0	97,521	97,521
Capital Outlay	89,554	60,629	50,224	74,839	275,246
Total Expenditures	3,526,326	1,234,142	321,630	1,373,544	6,455,642
Excess (Deficiency) of Revenues Over Expenditures	(161,933)	46,947	126,621	13,891	25,526
Other Financing Sources (Uses)					
Sale of Assets	7,974	0	0	43,750	51,724
Total Other Financing Sources (Uses)	7,974	0	0	43,750	51,724
Net Change in Fund Balances	(153,959)	46,947	126,621	57,641	77,250
Fund Balances - Beginning	2,587,242	627,338	108,402	840,691	4,163,673
Fund Balances - Ending	\$ 2,433,283	\$ 674,285	\$ 235,023	\$ 898,332	\$ 4,240,923

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, 2011

Total Net Change in Fund Balance - Governmental Funds \$ 77,250

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. In the current period these amounts are:

Capital Outlay	\$ 226,548	
Depreciation Expense	<u>(337,187)</u>	
Net		(110,639)

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. (38,655)

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 and other post-employment benefits. 1,698

Change in Net Assets of Governmental Activities \$ (70,346)

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

Owyhee County, Idaho
Statement of Fiduciary Net Assets - Fiduciary Funds
September 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and Investments	\$ 2,965,652
Property Taxes Receivable	264,528
Total Assets	<u><u>\$ 3,230,180</u></u>
Liabilities	
Warrants and Accounts Payable	\$ 377,508
Due to Other Funds or Taxing Units	2,852,672
Total Liabilities	<u><u>\$ 3,230,180</u></u>

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

Owyhee County, Idaho
Balance Sheet -
Component Unit
September 30, 2011

	<u>Fair Board</u>
Assets	
Cash and Cash Equivalents	\$ 11,858
Total Assets	<u>\$ 11,858</u>
Liabilities	
Accounts Payable and Other Current Liabilities	\$ 0
Total Liabilities	<u>0</u>
Fund Balance	
Unassigned	<u>11,858</u>
Total Liabilities and Fund Balance	<u>\$ 11,858</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, 2011

	Fair Board
Revenues	
Charges for Services	\$ 9,285
Grants and Contributions	4,320
Intergovernmental	28,000
Miscellaneous	316
Total Revenues	41,921
 Expenditures	
Current:	
Operating Expenditures	30,395
Total Expenses	30,395
 Net Change in Fund Balances	11,526
 Fund Balance - Beginning, As Previously Stated	(2,476)
Prior Period Adjustment	2,808
Fund Balance - Beginning, As Restated	332
Fund Balance - Ending	\$ 11,858

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

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. 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

Component units are legally separate organizations for which the County is financially accountable. Financial accountability exists if the County appoints a voting majority of the organization's governing board and either 1) is able to impose its will on the organization or 2) a potential exists for the organization to provide financial benefits to, or impose financial burdens on, the County. 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 and the County is able to impose its will on the organization. During the year the County provided support to the Fair Board in the amount of \$28,000. 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 counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 sanitation and disposal of the County's solid waste.

The County reports the following fiduciary fund types:

Agency funds. These funds are used to account for assets held by the County 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, 2011

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
Date taxes are collected	One half on December 20 and one half on the following June 20
Date taxes become a lien	First day of January of the succeeding year

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Assets and in the governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *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.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (committed and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the County's highest level of decision making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

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/fund balances available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the County's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the County considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The purpose of the special revenue funds that are restricted are as follows:

Fund	Purpose
Road and Bridge	Revenues in this fund come from levied property taxes, federal forest funds, other intergovernmental revenue and grants that are to be used for maintaining and improving roads and bridges within the County.
Solid Waste	Revenues in this fund come from levied property taxes, intergovernmental revenues, charges for services, and other revenue that are to be used for sanitation and disposal of the County's solid waste.
Nonmajor Special Revenue Funds	Revenues in these funds come from levied property taxes, intergovernmental revenue, grants, charges for services, and other revenues that are to be used for items ranging from public assistance and safety, health and sanitation, maintenance and improvement of public ways and facilities, culture and recreation, and other governmental type activities.

C. Assets and Liabilities

Cash Equivalents

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

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:

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	<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, 2011.

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.

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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2011, the carrying amount of the County's deposits was \$2,793,756 and the respective bank balances totaled \$1,748,880. Of the total bank balance, \$3,007 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, 2011, \$3,007 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, \$255,145 of the money market accounts, and all of the certificates of deposit are held by Multi-Bank Securities, Inc. totaling \$3,152,709. The certificates of deposits are issued through FDIC insured banks and, therefore, are insured. 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 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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

2. CASH AND INVESTMENTS (continued)

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, 2011, are summarized below:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1	1 - 5	>5
External Investment Pool	None	\$ 1,531,015	\$ 1,531,015	\$ 0	\$ 0
U.S. Government Bonds	AAA	2,570,735	0	0	2,570,735
Certificates of Deposit	N/A	326,829	99,000	227,829	0
Money Market	N/A	255,145	255,145	0	0
		<u>\$ 4,683,724</u>	<u>\$ 1,885,160</u>	<u>\$ 227,829</u>	<u>\$ 2,570,735</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	\$ (446,354)	\$ 11,858	\$ (434,496)	\$ 2,942,530
Investments categorized as deposits	4,683,724	0	4,683,724	0
	<u>\$ 4,237,370</u>	<u>\$ 11,858</u>	<u>\$ 4,249,228</u>	<u>\$ 2,942,530</u>

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

	Book Balance	Bank Balance
Tax Collector	\$ 29,694	\$ 29,694
Tax Collector Trust	20,422	20,422
Inmate Trust	13,306	13,394
	<u>\$ 63,422</u>	<u>\$ 63,510</u>

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consists of ag replacement tax revenue of \$33,576 due from the State of Idaho.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2011, was as follows:

	<u>Balance</u> 10/1/2010	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 9/30/2011
<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>3,618,952</u>	<u>226,548</u>	<u>48,593</u>	<u>3,796,907</u>
Total Historical Cost	<u>12,158,766</u>	<u>226,548</u>	<u>48,593</u>	<u>12,336,721</u>
Less: Accumulated Depreciation				
Buildings and Improvements	4,136,840	201,457	0	4,338,297
Equipment	<u>3,072,074</u>	<u>135,730</u>	<u>48,593</u>	<u>3,159,211</u>
Total Acc. Depr.	<u>7,208,914</u>	<u>337,187</u>	<u>48,593</u>	<u>7,497,508</u>
Net Depreciable Assets	<u>4,949,852</u>	<u>(110,639)</u>	<u>0</u>	<u>4,839,213</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 5,576,480</u>	<u>\$ (110,639)</u>	<u>\$ 0</u>	<u>\$ 5,465,841</u>

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

<u>Governmental Activities:</u>	
General Government	\$ 113,141
Public Safety	125,807
Sanitation	5,382
Highways and Streets	73,011
Culture and Recreation	19,846
	<u>\$ 337,187</u>

5. 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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

5. PENSION PLAN (continued)

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, 2011, 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 \$243,863, \$228,067, and \$245,770 for the three years ended September 30, 2011, 2010, and 2009, respectively.

6. 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>10/1/2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2011</u>	<u>Current</u>
Governmental Activities	<u>\$ 81,668</u>	<u>\$ 80,533</u>	<u>\$ 89,459</u>	<u>\$ 72,742</u>	<u>\$ 40,843</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

7. LEASE COMMITMENTS

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

The County also entered into a lease for a copier in September 2011. The lease is for 60 months ending August 2015.

Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2012	\$ 7,448
2013	7,448
2014	7,448
2015	<u>2,244</u>
	<u>\$ 24,588</u>

Rent expenditures for the year ended September 30, 2011, were \$40,914.

8. DEFERRED COMPENSATION PLAN

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. For the year ended September 30, 2011, the County made no employer contributions to the plan.

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 prescription drug insurance benefits to eligible retirees

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

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. No financial reports, other than the information provided herein, have been issued.

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 2011 were \$502 for a single person or \$1,022 with a spouse.

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 2011 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	\$	9,498
Interest on net OPEB obligation		208
ARC adjustment with interest		(278)
Estimated employer contribution		<u>(2,200)</u>
Increase in net OPEB obligation		7,228
Net OPEB obligation - beginning of year		<u>4,628</u>
Net OPEB obligation - end of year	\$	<u><u>11,856</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:

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Year Ending September 30,	Annual OPEB Cost	Estimated Contribution as a % of Annual OPEB Cost	Net OPEB Obligation
2009	\$ 0	0%	\$ 0
2010	9,498	51%	4,628
2011	9,438	23%	11,856

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.

The required schedule of funding progress immediately following the notes is 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.

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.

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2011

10. OTHER COMMITMENTS

The County currently holds 28 credit cards, each with credit limits of \$1,500 or less. As of September 30, 2011, none of the available credit was in use.

11. 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.

12. RELATED ORGANIZATIONS

The Owyhee County Historical Society (a nonprofit organization) preserves and displays historical artifacts of the County. In return, the County provides use of a building, payment of utilities, and payment of the payroll and related benefits of the Museum Director. The amounts paid for the Society consist of the expenditures in the Historical Society fund (a nonmajor special revenue fund), which amounted to \$46,952.

13. SUBSEQUENT EVENT

Events occurring prior to September 30, 2011, prompted the County's liability insurance carrier, Idaho Counties Risk Management Program, to drop insurance coverage for the County's sheriff and jail in personnel related matters. The cost to the County for potential litigation issues that will no longer be covered by insurance is unknown.

14. PRIOR PERIOD ADJUSTMENT

The financial statements of the Owyhee County Fair Board, a component unit of the County, required a prior period adjustment due to errors in prior year outstanding items. This adjustment resulted in an increase to beginning fund balance of \$2,808. Had the error not been made in the prior year, operating expenditures would have been less by this amount.

REQUIRED SUPPLEMENTARY INFORMATION

Owyhee County, Idaho
 Schedule of Funding Progress
 For the Year Ended September 30, 2011

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%

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 526,156	\$ 526,156	\$ 571,413	\$ 45,257
Intergovernmental	2,124,622	2,124,622	1,873,667	(250,955)
Grants and Contributions	39,000	39,000	29,649	(9,351)
Charges for Services	484,635	484,635	624,293	139,658
Other Revenues	169,045	169,045	203,142	34,097
Interest Earned	110,000	110,000	62,229	(47,771)
Total Revenues	<u>3,453,458</u>	<u>3,453,458</u>	<u>3,364,393</u>	<u>(89,065)</u>
Expenditures				
Current:				
Salaries	1,974,730	1,974,730	1,843,731	130,999
Benefits	742,093	742,093	654,210	87,883
Operating Expenses	1,135,635	1,135,635	938,831	196,804
Capital Outlay	111,000	111,000	89,554	21,446
Total Expenditures	<u>3,963,458</u>	<u>3,963,458</u>	<u>3,526,326</u>	<u>437,132</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(510,000)</u>	<u>(510,000)</u>	<u>(161,933)</u>	<u>348,067</u>
Other Financing Sources (Uses)				
Sale of Assets	0	0	7,974	7,974
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>7,974</u>	<u>7,974</u>
Net Change in Fund Balances	(510,000)	(510,000)	(153,959)	356,041
Fund Balance - Beginning	510,000	510,000	2,587,242	2,077,242
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,433,283</u>	<u>\$ 2,433,283</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Road and Bridge
 For the Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 291,990	\$ 291,990	\$ 295,985	\$ 3,995
Intergovernmental	959,636	959,636	933,845	(25,791)
Grants and Contributions	0	0	0	0
Charges for Services	28,402	28,402	28,865	463
Other Revenues	0	0	22,394	22,394
Total Revenues	<u>1,280,028</u>	<u>1,280,028</u>	<u>1,281,089</u>	<u>1,061</u>
Expenditures				
Current:				
Salaries	287,312	287,312	257,097	30,215
Benefits	116,516	116,516	101,346	15,170
Operating Expenses	1,006,200	1,006,200	815,070	191,130
Capital Outlay	20,000	20,000	60,629	(40,629)
Total Expenditures	<u>1,430,028</u>	<u>1,430,028</u>	<u>1,234,142</u>	<u>195,886</u>
Net Change in Fund Balances	(150,000)	(150,000)	46,947	196,947
Fund Balance - Beginning	150,000	150,000	627,338	477,338
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 674,285</u>	<u>\$ 674,285</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Solid Waste
 For the Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 358,472	\$ 358,472	\$ 374,868	\$ 16,396
Intergovernmental	12,000	12,000	62,164	50,164
Charges for Services	650	650	715	65
Other Revenues	0	0	10,504	10,504
Total Revenues	<u>371,122</u>	<u>371,122</u>	<u>448,251</u>	<u>77,129</u>
Expenditures				
Current:				
Salaries	75,419	75,419	60,289	15,130
Benefits	20,403	20,403	15,144	5,259
Operating Expenses	214,300	214,300	195,973	18,327
Capital Outlay	<u>76,000</u>	<u>76,000</u>	<u>50,224</u>	<u>25,776</u>
Total Expenditures	<u>386,122</u>	<u>386,122</u>	<u>321,630</u>	<u>64,492</u>
Net Change in Fund Balances	(15,000)	(15,000)	126,621	141,621
Fund Balance - Beginning	15,000	15,000	108,402	93,402
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 235,023</u>	<u>\$ 235,023</u>

Owyhee County, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2011

1. OPEB TRENDS

Future schedules may present factors that significantly affect the identification of trends in the amounts reported, such as changes in benefit provisions, the size or composition of the employee group covered by the plan, or the actuarial methods and assumptions used. Prior year amounts will not be restated.

2. 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, 2011

	Budget	Actual	Variance
Revenues			
Property Taxes	\$ 526,156	\$ 571,413	\$ 45,257
Intergovernmental	2,124,622	1,873,667	(250,955)
Grants and Contributions	39,000	29,649	(9,351)
Charges for Services	484,635	624,293	139,658
Other Revenues	169,045	203,142	34,097
Interest Earned	110,000	62,229	(47,771)
Disposition of Assets	0	7,974	7,974
Total Revenues	\$ 3,453,458	\$ 3,372,367	\$ (81,091)

Owyhee County, Idaho
 Supplemental Schedule of Expenditures by Object of Expenditure
 - Budget (GAAP Basis) and Actual - General Fund
 For the Year Ended September 30, 2011

	Budget	Actual	Variance
Clerk/Auditor			
Salaries	\$ 234,174	\$ 225,488	\$ 8,686
Benefits	91,481	84,975	6,506
Operating Expenses	7,025	5,643	1,382
	<u>332,680</u>	<u>316,106</u>	<u>16,574</u>
Assessor			
Salaries	173,127	167,741	5,386
Benefits	65,337	63,474	1,863
Operating Expenses	13,800	6,864	6,936
Capital Outlay	1,500	1,500	0
	<u>253,764</u>	<u>239,579</u>	<u>14,185</u>
Treasurer/Tax Collector			
Salaries	88,894	86,072	2,822
Benefits	30,122	28,103	2,019
Operating Expenses	10,300	7,227	3,073
	<u>129,316</u>	<u>121,402</u>	<u>7,914</u>
Sheriff			
Salaries	599,932	550,986	48,946
Benefits	211,657	191,696	19,961
Operating Expenses	247,250	221,907	25,343
Capital Outlay	45,000	72,500	(27,500)
	<u>1,103,839</u>	<u>1,037,089</u>	<u>66,750</u>
Commissioners			
Salaries	72,570	72,570	0
Benefits	32,681	29,923	2,758
Operating Expenses	68,250	56,630	11,620
	<u>173,501</u>	<u>159,123</u>	<u>14,378</u>
Coroner			
Salaries	19,800	20,443	(643)
Benefits	10,122	3,527	6,595
Operating Expenses	24,400	9,996	14,404
	<u>54,322</u>	<u>33,966</u>	<u>20,356</u>
Prosecuting Attorney			
Salaries	132,552	130,823	1,729
Benefits	37,618	39,315	(1,697)
Operating Expenses	22,950	16,075	6,875
	<u>193,120</u>	<u>186,213</u>	<u>6,907</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, 2011
(continued)

	Budget	Actual	Variance
Buildings and Grounds			
Salaries	39,069	33,488	5,581
Benefits	15,759	12,104	3,655
Operating Expenses	57,800	43,239	14,561
Capital Outlay	20,000	12,758	7,242
	<u>132,628</u>	<u>101,589</u>	<u>31,039</u>
Civil Defense			
Operating Expenses	4,500	0	4,500
Capital Outlay	43,000	1,796	41,204
	<u>47,500</u>	<u>1,796</u>	<u>45,704</u>
County Agent			
Salaries	62,034	59,912	2,122
Benefits	24,637	22,940	1,697
Operating Expenses	32,800	31,171	1,629
Capital Outlay	1,000	1,000	0
	<u>120,471</u>	<u>115,023</u>	<u>5,448</u>
Taxing District Elections			
Salaries	16,860	17,169	(309)
Benefits	16,730	8,837	7,893
Operating Expenses	29,900	7,398	22,502
	<u>63,490</u>	<u>33,404</u>	<u>30,086</u>
Elections			
Salaries	9,750	9,984	(234)
Benefits	300	0	300
Operating Expenses	10,000	8,737	1,263
Capital Outlay	500	0	500
	<u>20,550</u>	<u>18,721</u>	<u>1,829</u>
Building Department			
Salaries	33,055	27,828	5,227
Benefits	12,959	6,227	6,732
Operating Expenses	5,400	4,542	858
	<u>51,414</u>	<u>38,597</u>	<u>12,817</u>
Planning and Zoning			
Salaries	64,450	50,661	13,789
Benefits	25,464	15,141	10,323
Operating Expenses	29,760	16,741	13,019
	<u>119,674</u>	<u>82,543</u>	<u>37,131</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, 2011
 (continued)

	Budget	Actual	Variance
General			
Operating Expenses	288,500	225,153	63,347
	<u>288,500</u>	<u>225,153</u>	<u>63,347</u>
Technology			
Operating Expenses	135,000	110,545	24,455
	<u>135,000</u>	<u>110,545</u>	<u>24,455</u>
Jail			
Salaries	428,463	390,566	37,897
Benefits	167,226	147,948	19,278
Operating Expenses	148,000	166,963	(18,963)
	<u>743,689</u>	<u>705,477</u>	<u>38,212</u>
 Total Expenditures	 <u>\$ 3,963,458</u>	 <u>\$ 3,526,326</u>	 <u>\$ 407,046</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2011

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds	Subtotal
Assets						
Cash and Cash Equivalents	\$ 24,465	\$ 40,034	\$ 109,921	\$ 25,201	\$ 31,279	\$ 230,900
Property Taxes Receivable	0	0	208	2,318	2,559	5,085
Prepaid Items	0	0	0	0	0	0
Total Assets	\$ 24,465	\$ 40,034	\$ 110,129	\$ 27,519	\$ 33,838	\$ 235,985
Liabilities						
Salaries and Benefits Payable	\$ 0	\$ 0	\$ 0	\$ 214	\$ 0	\$ 214
Warrants and Accounts Payable	0	0	4,963	1,579	10,695	17,237
Deferred Revenue	0	0	210	2,129	2,349	4,688
Total Liabilities	0	0	5,173	3,922	13,044	22,139
Fund Balances						
Nonspendable - Prepaid Items	0	0	0	0	0	0
Restricted	24,465	40,034	104,956	23,597	20,794	213,846
Total Fund Balances	24,465	40,034	104,956	23,597	20,794	213,846
Total Liabilities and Fund Balances	\$ 24,465	\$ 40,034	\$ 110,129	\$ 27,519	\$ 33,838	\$ 235,985

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2011
(continued)

	Subtotal	Probation	Health County	Historical Society	Indigent and Charity	Subtotal
Assets						
Cash and Cash Equivalents	\$ 230,900	\$ 98,567	\$ 12,846	\$ 25,494	\$ 112,352	\$ 480,159
Property Taxes Receivable	5,085	8,396	2,952	3,028	14,027	33,488
Prepaid Items	0	1,399	0	467	0	1,866
Total Assets	\$ 235,985	\$ 108,362	\$ 15,798	\$ 28,989	\$ 126,379	\$ 515,513
Liabilities						
Salaries and Benefits Payable	\$ 214	\$ 1,421	\$ 0	\$ 581	\$ 375	\$ 2,591
Warrants and Accounts Payable	17,237	8,205	0	1,963	1,696	29,101
Deferred Revenue	4,688	7,707	2,709	2,778	12,859	30,741
Total Liabilities	22,139	17,333	2,709	5,322	14,930	62,433
Fund Balances						
Nonspendable - Prepaid Items	0	1,399	0	467	0	1,866
Restricted	213,846	89,630	13,089	23,200	111,449	451,214
Total Fund Balances	213,846	91,029	13,089	23,667	111,449	453,080
Total Liabilities and Fund Balances	\$ 235,985	\$ 108,362	\$ 15,798	\$ 28,989	\$ 126,379	\$ 515,513

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2011
(continued)

	Subtotal	Junior College	Pest	Revaluation	Tort	Subtotal
Assets						
Cash and Cash Equivalents	\$ 480,159	\$ 105,603	\$ 8,601	\$ 110,220	\$ 47,095	\$ 751,678
Property Taxes Receivable	33,488	0	329	9,825	4,495	48,137
Prepaid Items	1,866	0	0	933	0	2,799
Total Assets	\$ 515,513	\$ 105,603	\$ 8,930	\$ 120,978	\$ 51,590	\$ 802,614
Liabilities						
Salaries and Benefits Payable	\$ 2,591	\$ 0	\$ 0	\$ 1,421	\$ 0	\$ 4,012
Warrants and Accounts Payable	29,101	0	0	4,187	2	33,290
Deferred Revenue	30,741	0	303	9,009	4,122	44,175
Total Liabilities	62,433	0	303	14,617	4,124	81,477
Fund Balances						
Nonspendable - Prepaid Items	1,866	0	0	933	0	2,799
Restricted	451,214	105,603	8,627	105,428	47,466	718,338
Total Fund Balances	453,080	105,603	8,627	106,361	47,466	721,137
Total Liabilities and Fund Balances	\$ 515,513	\$ 105,603	\$ 8,930	\$ 120,978	\$ 51,590	\$ 802,614

Owyhee County, Idaho
 Combining Balance Sheet - Nonmajor Governmental Funds
 September 30, 2011
 (continued)

	Subtotal	Veterans Memorial	Warrant Redemption	Weeds	911	County Vessel	Total
Assets							
Cash and Cash Equivalents	\$ 751,678	\$ 1,355	\$ 5,740	47,747	\$ 123,142	\$ 67	\$ 929,729
Property Taxes Receivable	48,137	58	0	1,284	0	0	49,479
Prepaid Items	2,799	0	0	443	0	0	3,242
Total Assets	\$ 802,614	\$ 1,413	\$ 5,740	\$ 49,474	\$ 123,142	\$ 67	\$ 982,450
Liabilities							
Salaries and Benefits Payable	\$ 4,012	\$ 0	\$ 0	\$ 416	\$ 0	\$ 0	\$ 4,428
Warrants and Accounts Payable	33,290	0	0	905	41	61	34,297
Deferred Revenue	44,175	54	0	1,164	0	0	45,393
Total Liabilities	81,477	54	0	2,485	41	61	84,118
Fund Balances							
Nonspendable - Prepaid Items	2,799	0	0	443	0	0	3,242
Restricted	718,338	1,359	5,740	46,546	123,101	6	895,090
Total Fund Balances	721,137	1,359	5,740	46,989	123,101	6	898,332
Total Liabilities and Fund Balances	\$ 802,614	\$ 1,413	\$ 5,740	\$ 49,474	\$ 123,142	\$ 67	\$ 982,450

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds	Subtotal
Revenues						
Property Taxes	\$ 0	\$ 0	\$ 237	\$ 29,976	\$ 35,653	\$ 65,866
Intergovernmental	0	0	58,650	11,162	13,129	82,941
Grants and Contributions	0	0	10,000	0	0	10,000
Charges for Services	0	0	34,055	0	0	34,055
Other Revenues	0	0	5,505	1,908	0	7,413
Total Revenues	0	0	108,447	43,046	48,782	200,275
Expenditures						
Current:						
Salaries	0	0	0	16,067	0	16,067
Benefits	0	0	0	0	0	0
Operating Expenses	628	0	110,598	28,190	6,312	145,728
Capital Outlay	0	0	0	0	38,487	38,487
Total Expenditures	628	0	110,598	44,257	44,799	200,282
Excess (Deficiency) of Revenues Over Expenditures	(628)	0	(2,151)	(1,211)	3,983	(7)
Other Financing Sources (Uses)						
Sale of Assets	0	0	0	0	0	0
Total Other Financing Sources	0	0	0	0	0	0
Net Change in Fund Balances	(628)	0	(2,151)	(1,211)	3,983	(7)
Fund Balances - Beginning	25,093	40,034	107,107	24,808	16,811	213,853
Fund Balances - Ending	\$ 24,465	\$ 40,034	\$ 104,956	\$ 23,597	\$ 20,794	\$ 213,846

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2011
(continued)

	Subtotal	Probation	Health County	Historical Society	Indigent and Charity	Subtotal
Revenues						
Property Taxes	\$ 65,866	\$ 153,770	\$ 43,254	\$ 46,765	\$ 214,796	\$ 524,451
Intergovernmental	82,941	0	16,300	17,751	80,840	197,832
Grants and Contributions	10,000	66,994	0	0	0	76,994
Charges for Services	34,055	33,679	0	0	0	67,734
Other Revenues	7,413	2,477	0	0	81,467	91,357
Total Revenues	200,275	256,920	59,554	64,516	377,103	958,368
Expenditures						
Current:						
Salaries	16,067	104,913	0	28,245	27,666	176,891
Benefits	0	43,132	0	8,633	11,696	63,461
Operating Expenses	145,728	35,561	51,714	10,074	357,297	600,374
Capital Outlay	38,487	85	0	0	0	38,572
Total Expenditures	200,282	183,691	51,714	46,952	396,659	879,298
Excess (Deficiency) of Revenues Over Expenditures	(7)	73,229	7,840	17,564	(19,556)	79,070
Other Financing Sources (Uses)						
Sale of Assets	0	0	0	0	0	0
Total Other Financing Sources	0	0	0	0	0	0
Net Change in Fund Balances	(7)	73,229	7,840	17,564	(19,556)	79,070
Fund Balances - Beginning	213,853	17,800	5,249	6,103	131,005	374,010
Fund Balances - Ending	\$ 213,846	\$ 91,029	\$ 13,089	\$ 23,667	\$ 111,449	\$ 453,080

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2011
(continued)

	Subtotal	Junior College	Pest	Revaluation	Tort	Subtotal
Revenues						
Property Taxes	\$ 524,451	\$ 0	\$ 5,088	\$ 137,632	\$ 59,258	\$ 726,429
Intergovernmental	197,832	29,651	0	51,523	21,873	300,879
Grants and Contributions	76,994	0	0	0	0	76,994
Charges for Services	67,734	0	0	0	0	67,734
Other Revenues	91,357	0	1,929	325	0	93,611
Total Revenues	958,368	29,651	7,017	189,480	81,131	1,265,647
Expenditures						
Current:						
Salaries	176,891	0	0	98,569	1,380	276,840
Benefits	63,461	0	0	38,901	46	102,408
Operating Expenses	600,374	26,100	2,800	18,885	100,115	748,274
Capital Outlay	38,572	0	0	0	0	38,572
Total Expenditures	879,298	26,100	2,800	156,355	101,541	1,166,094
Excess (Deficiency) of Revenues Over Expenditures	79,070	3,551	4,217	33,125	(20,410)	99,553
Other Financing Sources (Uses)						
Sale of Assets	0	0	0	0	0	0
Total Other Financing Sources	0	0	0	0	0	0
Net Change in Fund Balances	79,070	3,551	4,217	33,125	(20,410)	99,553
Fund Balances - Beginning	374,010	102,052	4,410	73,236	67,876	621,584
Fund Balances - Ending	\$ 453,080	\$ 105,603	\$ 8,627	\$ 106,361	\$ 47,466	\$ 721,137

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2011
(continued)

	Subtotal	Veterans Memorial	Warrant Redemption	Weeds	911	County Vessel	Total
Revenues							
Property Taxes	\$ 726,429	\$ 676	\$ 0	\$ 2,589	\$ 0	\$ 0	\$ 729,694
Intergovernmental	300,879	253	0	193	0	0	301,325
Grants and Contributions	76,994	0	0	0	0	0	76,994
Charges for Services	67,734	0	0	42,886	0	0	110,620
Other Revenues	93,611	0	0	327	0	74,864	168,802
Total Revenues	1,265,647	929	0	45,995	0	74,864	1,387,435
Expenditures							
Current:							
Salaries	276,840	0	0	46,932	0	28,546	352,318
Benefits	102,408	0	0	7,415	0	2,634	112,457
Operating Expenses	748,274	1,200	0	42,661	34,384	7,411	833,930
Capital Outlay	38,572	0	0	0	0	36,267	74,839
Total Expenditures	1,166,094	1,200	0	97,008	34,384	74,858	1,373,544
Excess (Deficiency) of Revenues Over Expenditures	99,553	(271)	0	(51,013)	(34,384)	6	13,891
Other Financing Sources (Uses)							
Sale of Assets	0	0	0	43,750	0	0	43,750
Total Other Financing Sources	0	0	0	43,750	0	0	43,750
Net Change in Fund Balances	99,553	(271)	0	(7,263)	(34,384)	6	57,641
Fund Balances - Beginning	621,584	1,630	5,740	54,252	157,485	0	840,691
Fund Balances - Ending	\$ 721,137	\$ 1,359	\$ 5,740	\$ 46,989	\$ 123,101	\$ 6	\$ 898,332

Owyhee County, Idaho
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
September 30, 2011

	State of Idaho	Special Taxing County	Miscellaneous Trust	Sensitive Species Research	Subtotal
Assets					
Cash and Cash Equivalents	\$ 112,075	\$ 95,802	\$ 1,960,464	\$ 88,508	\$ 2,256,849
Property Taxes Receivable	0	264,528	0	0	264,528
Total Assets	<u>\$ 112,075</u>	<u>\$ 360,330</u>	<u>\$ 1,960,464</u>	<u>\$ 88,508</u>	<u>\$ 2,521,377</u>
Liabilities					
Warrants and Accounts Payable	\$ 79,516	\$ 27,609	\$ 270,383	\$ 0	\$ 377,508
Due to Other Funds or Taxing Units	32,559	332,721	1,690,081	88,508	2,143,869
Total Liabilities	<u>\$ 112,075</u>	<u>\$ 360,330</u>	<u>\$ 1,960,464</u>	<u>\$ 88,508</u>	<u>\$ 2,521,377</u>

Owyhee County, Idaho

Combining Statement of Fiduciary Assets and Liabilities - Agency Funds (continued)
September 30, 2011

	<u>Subtotal</u>	<u>911 Trust Account</u>	<u>Hazardous Waste</u>	<u>Owyhee County Initiative</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 2,256,849	\$ 309,247	\$ 395,885	\$ 3,671	\$ 2,965,652
Property Taxes Receivable	264,528	0	0	0	264,528
Total Assets	<u>\$ 2,521,377</u>	<u>\$ 309,247</u>	<u>\$ 395,885</u>	<u>\$ 3,671</u>	<u>\$ 3,230,180</u>
Liabilities					
Warrants and Accounts Payable	\$ 377,508	\$ 0	\$ 0	\$ 0	\$ 377,508
Due to Other Funds or Taxing Units	2,143,869	309,247	395,885	3,671	2,852,672
Total Liabilities	<u>\$ 2,521,377</u>	<u>\$ 309,247</u>	<u>\$ 395,885</u>	<u>\$ 3,671</u>	<u>\$ 3,230,180</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 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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 14, 2012. 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.

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*.

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 14, 2012