

OWYHEE COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2012

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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, 2012, 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, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2013, 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 schedule of funding progress and 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 not presented management's discussion and analysis that governmental 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
April 19, 2013

Owyhee County, Idaho
Statement of Net Assets
September 30, 2012

	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
Assets		
Cash and Cash Equivalents	\$ 1,537,966	\$ 30,817
Receivables, Net:		
Property Taxes	142,533	0
Due From Other Governments	33,576	0
Prepaid Items	33,203	0
Noncurrent Cash and Cash Equivalents	3,223,480	0
Capital Assets:		
Land	626,628	0
Buildings and Improvements, Net	3,999,900	0
Equipment, Net	570,593	0
Total Capital Assets	<u>5,197,121</u>	<u>0</u>
Total Assets	<u>10,167,879</u>	<u>30,817</u>
Liabilities		
Accounts Payable and Other Current Liabilities	487,878	0
Long-Term Liabilities:		
Due Within One Year:		
Compensated Absences	35,070	0
Due in More Than One Year:		
Other Post-Employment Benefits	17,548	0
Compensated Absences	<u>35,070</u>	<u>0</u>
Total Liabilities	<u>575,566</u>	<u>0</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	5,197,121	0
Restricted	1,656,809	0
Unrestricted	<u>2,738,383</u>	<u>30,817</u>
Total Net Assets	<u>\$ 9,592,313</u>	<u>\$ 30,817</u>

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

Owyhee County, Idaho
 Balance Sheet -
 Governmental Funds
 September 30, 2012

	General	Road and Bridge	Indigent and Charity	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 2,854,653	\$ 819,208	\$ 305,770	\$ 781,815	\$ 4,761,446
Property Taxes Receivable, Net	57,874	13,895	17,906	52,858	142,533
Due From Other Governments	31,559	2,017	0	0	33,576
Prepaid Items	24,885	3,868	553	3,897	33,203
Total Assets	<u>\$ 2,968,971</u>	<u>\$ 838,988</u>	<u>\$ 324,229</u>	<u>\$ 838,570</u>	<u>\$ 4,970,758</u>
Liabilities and Fund Balances					
Liabilities:					
Salaries and Benefits Payable	\$ 18,860	\$ 3,762	\$ 369	\$ 4,637	\$ 27,628
Warrants and Accounts Payable	132,358	203,269	46,823	77,800	460,250
Deferred Revenue	49,367	12,658	16,158	47,271	125,454
Total Liabilities	<u>200,585</u>	<u>219,689</u>	<u>63,350</u>	<u>129,708</u>	<u>613,332</u>
Fund Balances:					
Nonspendable - Prepaid Items	24,885	3,868	553	3,897	33,203
Restricted	0	615,431	260,326	704,965	1,580,722
Unassigned	2,743,501	0	0	0	2,743,501
Total Fund Balance	<u>2,768,386</u>	<u>619,299</u>	<u>260,879</u>	<u>708,862</u>	<u>4,357,426</u>
Total Liabilities and Fund Balances	<u>\$ 2,968,971</u>	<u>\$ 838,988</u>	<u>\$ 324,229</u>	<u>\$ 838,570</u>	<u>\$ 4,970,758</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, 2012

Total Fund Balances - Governmental Funds \$ 4,357,426

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 \$4,539,914 Accum. Depreciation	3,999,900	
Equipment, Net of \$3,203,452 Accumulated Depreciation	<u>570,593</u>	
		5,197,121

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.	125,454
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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	(17,548)	
Compensated Absences	<u>(70,140)</u>	
		<u>(87,688)</u>

Net Assets of Governmental Activities	<u><u>\$ 9,592,313</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, 2012

	General	Road and Bridge	Indigent and Charity	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 1,067,005	\$ 193,262	\$ 375,350	\$ 621,494	\$ 2,257,111
Intergovernmental	2,023,959	940,340	113,461	142,895	3,220,655
Grants and Contributions	14,769	0	0	64,135	78,904
Charges for Services	553,186	31,123	0	122,505	706,814
Other Revenues	159,570	1,046	66,000	65,549	292,165
Interest Earned	78,953	0	0	0	78,953
Total Revenues	<u>3,897,442</u>	<u>1,165,771</u>	<u>554,811</u>	<u>1,016,578</u>	<u>6,634,602</u>
Expenditures					
Current:					
General Government	1,534,411	0	0	594,522	2,128,933
Public Safety	2,013,904	0	0	37,861	2,051,765
Highways and Streets	0	1,202,178	0	0	1,202,178
Sanitation	0	0	0	363,290	363,290
Health	0	0	0	51,294	51,294
Welfare	0	0	405,382	0	405,382
Education	0	0	0	61,500	61,500
Culture and Recreation	0	0	0	116,875	116,875
Capital Outlay	60,429	28,570	0	65,272	154,271
Total Expenditures	<u>3,608,744</u>	<u>1,230,748</u>	<u>405,382</u>	<u>1,290,614</u>	<u>6,535,488</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>288,698</u>	<u>(64,977)</u>	<u>149,429</u>	<u>(274,036)</u>	<u>99,114</u>
Other Financing Sources (Uses)					
Sale of Assets	6,405	9,990	0	990	17,385
Transfers In	40,000	0	0	5,741	45,741
Transfers Out	0	0	0	(45,741)	(45,741)
Total Other Financing Sources (Uses)	<u>46,405</u>	<u>9,990</u>	<u>0</u>	<u>(39,010)</u>	<u>17,385</u>
Net Change in Fund Balances	335,103	(54,987)	149,429	(313,046)	116,499
Fund Balances - Beginning	2,433,283	674,286	111,450	1,021,908	4,240,927
Fund Balances - Ending	<u>\$ 2,768,386</u>	<u>\$ 619,299</u>	<u>\$ 260,879</u>	<u>\$ 708,862</u>	<u>\$ 4,357,426</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, 2012

Total Net Change in Fund Balance - Governmental Funds \$ 116,499

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. Conversely, disposals of capital assets do not report a gain or loss in the governmental funds but in the Statement of Activities the remaining cost of the asset(s) is written off. In the current period these amounts are:

Capital Outlay	\$ 107,227	
Depreciation Expense	(371,020)	
Disposed Assets	<u>(4,927)</u>	
Net		(268,720)

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. (13,350)

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. (3,090)

Change in Net Assets of Governmental Activities \$ (168,661)

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

Owyhee County, Idaho
Statement of Fiduciary Net Assets - Fiduciary Funds
September 30, 2012

	<u>Agency Funds</u>
Assets	
Cash and Investments	\$ 3,132,093
Property Taxes Receivable	<u>252,553</u>
Total Assets	<u><u>\$ 3,384,646</u></u>
Liabilities	
Warrants and Accounts Payable	\$ 251,647
Due to Other Funds or Taxing Units	<u>3,132,999</u>
Total Liabilities	<u><u>\$ 3,384,646</u></u>

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

Owyhee County, Idaho
 Balance Sheet -
 Component Unit
 September 30, 2012

	Fair Board
Assets	
Cash and Cash Equivalents	\$ 30,817
Total Assets	\$ 30,817
 Liabilities	
Accounts Payable and Other Current Liabilities	\$ 0
Total Liabilities	0
 Fund Balance	
Unassigned	30,817
Total Liabilities and Fund Balance	\$ 30,817

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, 2012

	<u>Fair Board</u>
Revenues	
Charges for Services	\$ 10,315
Grants and Contributions	1,025
Intergovernmental	27,500
Miscellaneous	57
Total Revenues	38,897
 Expenditures	
Current:	
Operating Expenditures	19,938
Total Expenses	19,938
 Net Change in Fund Balances	18,959
 Fund Balances - Beginning	11,858
Fund Balances - Ending	\$ 30,817

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

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2012

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 \$27,500. 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, 2012

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

The County reports the following fiduciary fund types:

Agency funds. 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, 2012

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, 2012

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, 2012

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.
Indigent and Charity	Revenues in this fund come from levied property taxes, intergovernmental revenues, and other revenues that are to be used to provide assistance for qualified individuals for health care services.
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, 2012

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, 2012.

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, 2012

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2012, the carrying amount of the County's deposits was \$3,162,666 and the respective bank balances totaled \$2,458,740. Of the total bank balance, \$4,124 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, 2012, \$4,124 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, \$28,733 of the money market accounts, and all of the certificates of deposit are held by Multi-Bank Securities, Inc. totaling \$3,252,213. 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, 2012

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, 2012, are summarized below:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)		
			Less than 1	1 - 5	>5
External Investment Pool	None	\$ 1,534,258	\$ 1,534,258	\$ 0	\$ 0
U.S. Government Bonds	AAA	2,089,053	0	0	2,089,053
Certificates of Deposit	N/A	435,373	0	235,373	200,000
Asset Backed Securities	N/A	699,054	0	0	699,054
Money Market	N/A	28,733	28,733	0	0
		<u>\$ 4,786,471</u>	<u>\$ 1,562,991</u>	<u>\$ 235,373</u>	<u>\$ 2,988,107</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	\$ (25,025)	\$ 30,817	\$ 5,792	\$ 3,132,093
Investments categorized as deposits	4,786,471	0	4,786,471	0
	<u>\$ 4,761,446</u>	<u>\$ 30,817</u>	<u>\$ 4,792,263</u>	<u>\$ 3,132,093</u>

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

	Book Balance	Bank Balance
Tax Collector	\$ 17,167	\$ 17,494
Tax Collector Trust	23,319	23,319
Inmate Trust	15,614	18,417
	<u>\$ 56,100</u>	<u>\$ 59,230</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, 2012

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2012, was as follows:

	<u>Balance</u> 10/1/2011	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 9/30/2012
<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>3,796,907</u>	<u>107,227</u>	<u>130,089</u>	<u>3,774,045</u>
Total Historical Cost	<u>12,336,721</u>	<u>107,227</u>	<u>130,089</u>	<u>12,313,859</u>
Less: Accumulated Depreciation				
Buildings and Improvements	4,338,297	201,617	0	4,539,914
Equipment	<u>3,159,211</u>	<u>169,403</u>	<u>125,162</u>	<u>3,203,452</u>
Total Acc. Depr.	<u>7,497,508</u>	<u>371,020</u>	<u>125,162</u>	<u>7,743,366</u>
Net Depreciable Assets	<u>4,839,213</u>	<u>(263,793)</u>	<u>4,927</u>	<u>4,570,493</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 5,465,841</u>	<u>\$ (263,793)</u>	<u>\$ 4,927</u>	<u>\$ 5,197,121</u>

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

<u>Governmental Activities:</u>	
General Government	\$ 117,933
Public Safety	140,352
Sanitation	6,307
Highways and Streets	85,929
Culture and Recreation	<u>20,499</u>
	<u>\$ 371,020</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, 2012

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, 2012, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.69% 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 \$238,709, \$243,863, and \$228,067 for the three years ended September 30, 2012, 2011, and 2010, 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>10/1/2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2012</u>	<u>Current</u>
Governmental Activities	<u>\$ 72,742</u>	<u>\$ 89,296</u>	<u>\$ (91,898)</u>	<u>\$ 70,140</u>	<u>\$ 35,070</u>

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2012

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
2013	\$ 7,448
2014	7,448
2015	<u>2,244</u>
	<u>\$ 17,140</u>

Rent expenditures for the year ended September 30, 2012, were \$21,733.

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, 2012, 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 and their eligible dependents. A retiree who retires while participating in the Public

Owyhee County, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2012

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

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 2012 were \$498 for a single person or \$980 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 2012 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		534
ARC adjustment with interest		(717)
Estimated employer contribution		<u>(3,623)</u>
Increase in net OPEB obligation		5,692
Net OPEB obligation - beginning of year		<u>11,856</u>
Net OPEB obligation - end of year	\$	<u><u>17,548</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, 2012

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
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.

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, 2012

10. OTHER COMMITMENTS

The County currently holds several credit cards with a combined credit limit of \$20,500. As of September 30, 2012, \$4,513 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 \$60,621.

13. TRANSFERS

Transfer activity for the year was as follows:

\$ 40,000	From nonmajor funds to the General fund to close out funds.
<u>5,741</u>	From the General fund to nonmajor funds to close out funds.

\$ 45,741

14. SUBSEQUENT EVENT

Events occurring prior to September 30, 2012, 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. Reinstatement of insurance occurred in January 2013.

REQUIRED SUPPLEMENTARY INFORMATION

Owyhee County, Idaho
 Schedule of Funding Progress
 For the Year Ended September 30, 2012

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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 1,048,980	\$ 1,048,980	\$ 1,067,005	\$ 18,025
Intergovernmental	1,844,627	1,844,627	2,023,959	179,332
Grants and Contributions	75,500	75,500	14,769	(60,731)
Charges for Services	515,205	515,205	553,186	37,981
Other Revenues	111,990	111,990	159,570	47,580
Interest Earned	90,000	90,000	78,953	(11,047)
Total Revenues	<u>3,686,302</u>	<u>3,686,302</u>	<u>3,897,442</u>	<u>211,140</u>
Expenditures				
Current:				
Salaries	1,936,960	1,936,960	1,848,464	88,496
Benefits	738,028	738,028	692,607	45,421
Operating Expenses	1,217,414	1,217,414	1,007,244	210,170
Capital Outlay	130,000	130,000	60,429	69,571
Total Expenditures	<u>4,022,402</u>	<u>4,022,402</u>	<u>3,608,744</u>	<u>413,658</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(336,100)</u>	<u>(336,100)</u>	<u>288,698</u>	<u>624,798</u>
Other Financing Sources (Uses)				
Sale of Assets	0	0	6,405	6,405
Transfers In	5,500	5,500	40,000	34,500
Transfers Out	0	0	0	0
Total Other Financing Sources	<u>5,500</u>	<u>5,500</u>	<u>46,405</u>	<u>40,905</u>
Net Change in Fund Balances	(330,600)	(330,600)	335,103	665,703
Fund Balances - Beginning	330,600	330,600	2,433,283	2,102,683
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,768,386</u>	<u>\$ 2,768,386</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Road and Bridge
 For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 186,442	\$ 186,442	\$ 193,262	\$ 6,820
Intergovernmental	923,518	923,518	940,340	16,822
Grants and Contributions	0	0	0	0
Charges for Services	31,120	31,120	31,123	3
Other Revenues	0	0	1,046	1,046
Total Revenues	<u>1,141,080</u>	<u>1,141,080</u>	<u>1,165,771</u>	<u>24,691</u>
Expenditures				
Current:				
Salaries	294,068	294,068	273,663	20,405
Benefits	129,328	129,328	118,615	10,713
Operating Expenses	1,042,684	1,042,684	809,900	232,784
Capital Outlay	100,000	100,000	28,570	71,430
Total Expenditures	<u>1,566,080</u>	<u>1,566,080</u>	<u>1,230,748</u>	<u>335,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(425,000)</u>	<u>(425,000)</u>	<u>(64,977)</u>	<u>360,023</u>
Other Financing Sources (Uses)				
Sale of Assets	0	0	9,990	9,990
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>9,990</u>	<u>9,990</u>
Net Change in Fund Balances	(425,000)	(425,000)	(54,987)	370,013
Fund Balances - Beginning	425,000	425,000	674,286	249,286
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 619,299</u>	<u>\$ 619,299</u>

Owyhee County, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Indigent and Charity
 For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 357,537	\$ 357,537	\$ 375,350	\$ 17,813
Intergovernmental	0	0	113,461	113,461
Charges for Services	0	0	0	0
Other Revenues	40,000	40,000	66,000	26,000
Total Revenues	<u>397,537</u>	<u>397,537</u>	<u>554,811</u>	<u>157,274</u>
Expenditures				
Current:				
Salaries	27,291	27,291	27,285	6
Benefits	11,446	11,446	11,622	(176)
Operating Expenses	476,800	476,800	366,475	110,325
Capital Outlay	0	0	0	0
Total Expenditures	<u>515,537</u>	<u>515,537</u>	<u>405,382</u>	<u>110,155</u>
Net Change in Fund Balances	(118,000)	(118,000)	149,429	267,429
Fund Balances - Beginning	35,000	35,000	111,450	76,450
Fund Balances - Ending	<u>\$ (83,000)</u>	<u>\$ (83,000)</u>	<u>\$ 260,879</u>	<u>\$ 343,879</u>

Owyhee County, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2012

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, 2012

	Budget	Actual	Variance
Revenues			
Property Taxes	\$ 1,048,980	\$ 1,067,005	\$ 18,025
Intergovernmental	1,844,627	2,023,959	179,332
Grants and Contributions	75,500	14,769	(60,731)
Charges for Services	515,205	553,186	37,981
Other Revenues	111,990	159,570	47,580
Interest Earned	90,000	78,953	(11,047)
Disposition of Assets	0	6,405	6,405
Total Revenues	\$ 3,686,302	\$ 3,903,847	\$ 217,545

Owyhee County, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure
- Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2012

	Budget	Actual	Variance
Clerk/Auditor			
Salaries	\$ 225,503	\$ 218,962	\$ 6,541
Benefits	90,081	89,290	791
Operating Expenses	7,300	4,721	2,579
	<u>322,884</u>	<u>312,973</u>	<u>9,911</u>
Assessor			
Salaries	168,152	163,103	5,049
Benefits	65,450	65,905	(455)
Operating Expenses	14,400	8,730	5,670
Capital Outlay	1,500	1,259	241
	<u>249,502</u>	<u>238,997</u>	<u>10,505</u>
Treasurer/Tax Collector			
Salaries	86,794	85,608	1,186
Benefits	30,637	29,441	1,196
Operating Expenses	10,300	7,649	2,651
	<u>127,731</u>	<u>122,698</u>	<u>5,033</u>
Sheriff			
Salaries	598,860	574,470	24,390
Benefits	230,026	208,296	21,730
Operating Expenses	254,250	271,898	(17,648)
Capital Outlay	53,000	46,918	6,082
	<u>1,136,136</u>	<u>1,101,582</u>	<u>34,554</u>
Commissioners			
Salaries	69,882	69,882	0
Benefits	32,885	32,278	607
Operating Expenses	81,267	40,337	40,930
	<u>184,034</u>	<u>142,497</u>	<u>41,537</u>
Coroner			
Salaries	19,800	19,246	554
Benefits	10,431	5,580	4,851
Operating Expenses	26,300	13,646	12,654
	<u>56,531</u>	<u>38,472</u>	<u>18,059</u>
Prosecuting Attorney			
Salaries	146,658	147,351	(693)
Benefits	37,087	38,579	(1,492)
Operating Expenses	17,325	12,272	5,053
	<u>201,070</u>	<u>198,202</u>	<u>2,868</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, 2012
 (continued)

	Budget	Actual	Variance
Buildings and Grounds			
Salaries	29,826	27,724	2,102
Benefits	12,903	12,412	491
Operating Expenses	64,009	48,612	15,397
Capital Outlay	30,000	0	30,000
	<u>136,738</u>	<u>88,748</u>	<u>47,990</u>
Civil Defense			
Operating Expenses	500	936	(436)
Capital Outlay	43,000	10,566	32,434
	<u>43,500</u>	<u>11,502</u>	<u>31,998</u>
County Agent			
Salaries	64,572	61,326	3,246
Benefits	25,246	24,938	308
Operating Expenses	33,400	31,758	1,642
Capital Outlay	2,000	1,686	314
	<u>125,218</u>	<u>119,708</u>	<u>5,510</u>
Taxing District Elections			
Salaries	25,545	25,545	0
Benefits	21,875	16,899	4,976
Operating Expenses	16,375	21,351	(4,976)
	<u>63,795</u>	<u>63,795</u>	<u>0</u>
Elections			
Salaries	12,000	11,280	720
Benefits	300	0	300
Operating Expenses	13,800	16,398	(2,598)
Capital Outlay	500	0	500
	<u>26,600</u>	<u>27,678</u>	<u>(1,078)</u>
Building Department			
Salaries	22,192	18,128	4,064
Benefits	4,750	3,317	1,433
Operating Expenses	6,200	4,232	1,968
	<u>33,142</u>	<u>25,677</u>	<u>7,465</u>
Planning and Zoning			
Salaries	50,764	49,099	1,665
Benefits	17,377	16,402	975
Operating Expenses	24,305	3,824	20,481
	<u>92,446</u>	<u>69,325</u>	<u>23,121</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, 2012
 (continued)

	Budget	Actual	Variance
General			
Operating Expenses	304,983	221,353	83,630
	<u>304,983</u>	<u>221,353</u>	<u>83,630</u>
Technology			
Operating Expenses	140,700	103,907	36,793
	<u>140,700</u>	<u>103,907</u>	<u>36,793</u>
Jail			
Salaries	416,412	376,740	39,672
Benefits	158,980	149,270	9,710
Operating Expenses	202,000	195,620	6,380
	<u>777,392</u>	<u>721,630</u>	<u>55,762</u>
 Total Expenditures	 <u>\$ 4,022,402</u>	 <u>\$ 3,608,744</u>	 <u>\$ 413,658</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2012

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds
Assets					
Cash and Cash Equivalents	\$ 24,062	\$ 34	\$ 142,022	\$ 5,632	\$ 11,197
Property Taxes Receivable	0	0	1,443	1,738	1,852
Prepaid Items	0	0	0	0	0
Total Assets	\$ 24,062	\$ 34	\$ 143,465	\$ 7,370	\$ 13,049
Liabilities					
Salaries and Benefits Payable	\$ 0	\$ 0	\$ 0	\$ 284	\$ 0
Warrants and Accounts Payable	0	0	9,010	380	8,791
Deferred Revenue	0	0	1,282	1,545	1,653
Total Liabilities	0	0	10,292	2,209	10,444
Fund Balances					
Nonspendable - Prepaid Items	0	0	0	0	0
Restricted	24,062	34	133,173	5,161	2,605
Total Fund Balances	24,062	34	133,173	5,161	2,605
Total Liabilities and Fund Balances	\$ 24,062	\$ 34	\$ 143,465	\$ 7,370	\$ 13,049

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2012
(continued)

	Probation	Health County	Historical Society	Junior College	Pest
Assets					
Cash and Cash Equivalents	\$ 14,809	\$ 2,706	\$ 20,316	\$ 77,607	\$ 5,958
Property Taxes Receivable	4,409	2,107	2,829	0	194
Prepaid Items	1,658	0	553	0	0
Total Assets	<u>\$ 20,876</u>	<u>\$ 4,813</u>	<u>\$ 23,698</u>	<u>\$ 77,607</u>	<u>\$ 6,152</u>
Liabilities					
Salaries and Benefits Payable	\$ 1,427	\$ 0	\$ 469	\$ 0	\$ 0
Warrants and Accounts Payable	6,857	0	1,206	8,150	0
Deferred Revenue	4,061	1,892	2,545	0	171
Total Liabilities	<u>12,345</u>	<u>1,892</u>	<u>4,220</u>	<u>8,150</u>	<u>171</u>
Fund Balances					
Nonspendable - Prepaid Items	1,658	0	553	0	0
Restricted	6,873	2,921	18,925	69,457	5,981
Total Fund Balances	<u>8,531</u>	<u>2,921</u>	<u>19,478</u>	<u>69,457</u>	<u>5,981</u>
Total Liabilities and Fund Balances	<u>\$ 20,876</u>	<u>\$ 4,813</u>	<u>\$ 23,698</u>	<u>\$ 77,607</u>	<u>\$ 6,152</u>

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2012
(continued)

	Revaluation	Solid Waste	Tort	Veterans Memorial	Warrant Redemption
Assets					
Cash and Cash Equivalents	\$ 98,426	\$ 199,255	\$ 55,520	\$ 2,655	\$ 0
Property Taxes Receivable	8,404	23,573	5,503	58	0
Prepaid Items	1,658	28	0	0	0
Total Assets	\$ 108,488	\$ 222,856	\$ 61,023	\$ 2,713	\$ 0
Liabilities					
Salaries and Benefits Payable	\$ 1,448	\$ 960	\$ 17	\$ 0	\$ 0
Warrants and Accounts Payable	3,628	29,174	3,267	0	0
Deferred Revenue	7,514	21,014	4,937	53	0
Total Liabilities	12,590	51,148	8,221	53	0
Fund Balances					
Nonspendable - Prepaid Items	1,658	28	0	0	0
Restricted	94,240	171,680	52,802	2,660	0
Total Fund Balances	95,898	171,708	52,802	2,660	0
Total Liabilities and Fund Balances	\$ 108,488	\$ 222,856	\$ 61,023	\$ 2,713	\$ 0

Owyhee County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2012
(continued)

	Weeds	911	County Vessel	Total
Assets				
Cash and Cash Equivalents	\$ 29,185	\$ 85,931	\$ 6,500	\$ 781,815
Property Taxes Receivable	748	0	0	52,858
Prepaid Items	0	0	0	3,897
Total Assets	\$ 29,933	\$ 85,931	\$ 6,500	\$ 838,570
Liabilities				
Salaries and Benefits Payable	\$ 32	\$ 0	\$ 0	\$ 4,637
Warrants and Accounts Payable	146	691	6,500	77,800
Deferred Revenue	604	0	0	47,271
Total Liabilities	782	691	6,500	129,708
Fund Balances				
Nonspendable - Prepaid Items	0	0	0	3,897
Restricted	29,151	85,240	0	704,965
Total Fund Balances	29,151	85,240	0	708,862
Total Liabilities and Fund Balances	\$ 29,933	\$ 85,931	\$ 6,500	\$ 838,570

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2012

	Airport	Bond Redemption	County Court	County Fair	Fair Grounds
Revenues					
Property Taxes	\$ 0	\$ 0	\$ 54,090	\$ 19,882	\$ 20,669
Intergovernmental	0	0	16,733	5,731	5,923
Grants and Contributions	0	0	0	0	0
Charges for Services	0	0	42,466	0	0
Other Revenues	0	0	9,134	0	0
Total Revenues	0	0	122,423	25,613	26,592
Expenditures					
Current:					
Salaries	0	0	0	15,737	0
Benefits	0	0	0	0	0
Operating Expenses	403	0	94,206	28,763	11,754
Capital Outlay	0	0	0	0	33,027
Total Expenditures	403	0	94,206	44,500	44,781
Excess (Deficiency) of Revenues Over Expenditures	(403)	0	28,217	(18,887)	(18,189)
Other Financing Sources (Uses)					
Sale of Assets	0	0	0	450	0
Transfers In	0	0	0	0	0
Transfers Out	0	(40,000)	0	0	0
Total Other Financing Sources	0	(40,000)	0	450	0
Net Change in Fund Balances	(403)	(40,000)	28,217	(18,437)	(18,189)
Fund Balances - Beginning	24,465	40,034	104,956	23,598	20,794
Fund Balances - Ending	\$ 24,062	\$ 34	\$ 133,173	\$ 5,161	\$ 2,605

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2012
(continued)

	Probation	Health County	Historical Society	Junior College	Pest
Revenues					
Property Taxes	\$ 4,473	\$ 23,526	\$ 43,501	\$ 0	\$ 154
Intergovernmental	0	11,859	12,931	25,354	0
Grants and Contributions	64,135	0	0	0	0
Charges for Services	24,305	0	0	0	0
Other Revenues	9,125	0	0	0	0
Total Revenues	102,038	35,385	56,432	25,354	154
Expenditures					
Current:					
Salaries	100,911	0	33,766	0	0
Benefits	43,940	0	13,607	0	0
Operating Expenses	40,139	51,294	13,248	61,500	2,800
Capital Outlay	85	0	0	0	0
Total Expenditures	185,075	51,294	60,621	61,500	2,800
Excess (Deficiency) of Revenues Over Expenditures	(83,037)	(15,909)	(4,189)	(36,146)	(2,646)
Other Financing Sources (Uses)					
Sale of Assets	540	0	0	0	0
Transfers In	0	5,741	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources	540	5,741	0	0	0
Net Change in Fund Balances	(82,497)	(10,168)	(4,189)	(36,146)	(2,646)
Fund Balances - Beginning	91,028	13,089	23,667	105,603	8,627
Fund Balances - Ending	\$ 8,531	\$ 2,921	\$ 19,478	\$ 69,457	\$ 5,981

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2012
(continued)

	Revaluation	Solid Waste	Tort	Veterans Memorial	Warrant Redemption
Revenues					
Property Taxes	\$ 118,253	\$ 220,880	\$ 113,970	\$ 1,000	\$ 0
Intergovernmental	34,810	0	29,253	301	0
Grants and Contributions	0	0	0	0	0
Charges for Services	0	175	0	0	0
Other Revenues	200	13,685	10,139	0	0
Total Revenues	153,263	234,740	153,362	1,301	0
Expenditures					
Current:					
Salaries	100,677	61,507	39,025	0	0
Benefits	40,503	16,286	46	0	0
Operating Expenses	22,545	208,203	108,955	0	0
Capital Outlay	0	12,060	0	0	0
Total Expenditures	163,725	298,056	148,026	0	0
Excess (Deficiency) of Revenues Over Expenditures	(10,462)	(63,316)	5,336	1,301	0
Other Financing Sources (Uses)					
Sale of Assets	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	(5,741)
Total Other Financing Sources	0	0	0	0	(5,741)
Net Change in Fund Balances	(10,462)	(63,316)	5,336	1,301	(5,741)
Fund Balances - Beginning	106,360	235,024	47,466	1,359	5,741
Fund Balances - Ending	\$ 95,898	\$ 171,708	\$ 52,802	\$ 2,660	\$ 0

Owyhee County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2012
(continued)

	Weeds	911	County Vessel	Total
Revenues				
Property Taxes	\$ 1,096	\$ 0	\$ 0	\$ 621,494
Intergovernmental	0	0	0	142,895
Grants and Contributions	0	0	0	64,135
Charges for Services	55,559	0	0	122,505
Other Revenues	0	0	23,266	65,549
Total Revenues	56,655	0	23,266	1,016,578
Expenditures				
Current:				
Salaries	26,990	0	0	378,613
Benefits	8,418	0	0	122,800
Operating Expenses	39,086	37,861	3,172	723,929
Capital Outlay	0	0	20,100	65,272
Total Expenditures	74,494	37,861	23,272	1,290,614
Excess (Deficiency) of Revenues Over Expenditures	(17,839)	(37,861)	(6)	(274,036)
Other Financing Sources (Uses)				
Sale of Assets	0	0	0	990
Transfers In	0	0	0	5,741
Transfers Out	0	0	0	(45,741)
Total Other Financing Sources	0	0	0	(39,010)
Net Change in Fund Balances	(17,839)	(37,861)	(6)	(313,046)
Fund Balances - Beginning	46,990	123,101	6	1,021,908
Fund Balances - Ending	\$ 29,151	\$ 85,240	\$ 0	\$ 708,862

Owyhee County, Idaho
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds
September 30, 2012

	State of Idaho	Special Taxing County	Miscellaneous Trust	Sensitive Species Research
Assets				
Cash and Cash Equivalents	\$ 66,775	\$ 86,179	\$ 2,036,723	\$ 50,476
Property Taxes Receivable	0	252,553	0	0
Total Assets	<u>\$ 66,775</u>	<u>\$ 338,732</u>	<u>\$ 2,036,723</u>	<u>\$ 50,476</u>
Liabilities				
Warrants and Accounts Payable	\$ 66,775	\$ 12,985	\$ 167,687	\$ 2,900
Due to Other Funds or Taxing Units	0	325,747	1,869,036	47,576
Total Liabilities	<u>\$ 66,775</u>	<u>\$ 338,732</u>	<u>\$ 2,036,723</u>	<u>\$ 50,476</u>

Owyhee County, Idaho

Combining Statement of Fiduciary Assets and Liabilities - Agency Funds (continued)
September 30, 2012

	911 Trust Account	Hazardous Waste	Owyhee County Initiative	Total
Assets				
Cash and Cash Equivalents	\$ 401,183	\$ 487,086	\$ 3,671	\$ 3,132,093
Property Taxes Receivable	0	0	0	252,553
Total Assets	<u>\$ 401,183</u>	<u>\$ 487,086</u>	<u>\$ 3,671</u>	<u>\$ 3,384,646</u>
Liabilities				
Warrants and Accounts Payable	\$ 1,300	\$ 0	\$ 0	\$ 251,647
Due to Other Funds or Taxing Units	399,883	487,086	3,671	3,132,999
Total Liabilities	<u>\$ 401,183</u>	<u>\$ 487,086</u>	<u>\$ 3,671</u>	<u>\$ 3,384,646</u>

FEDERAL REPORTS



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**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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 19, 2013. 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

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County'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
April 19, 2013