

**BOISE COUNTY, IDAHO**

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Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

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For the Year Ended September 30, 2010

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Assets	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of Balance Sheet of the Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	10
Statement of Fiduciary Net Assets	11
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	12
Notes to Financial Statements	13
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary (GAAP Basis) Comparison Schedule:	
General Fund	30
Road and Bridge	31
Justice Fund	32

Solid Waste	33
Notes to Required Supplementary Information	34

**SUPPLEMENTAL INFORMATION**

Supplemental Schedule of Revenues by Source - Budget (GAAP Basis) and Actual - General Fund	35
Supplemental Schedule of Expenditures by Object of Expenditure - Budget (GAAP Basis) and Actual - General Fund	36
Combining Balance Sheet – Nonmajor Governmental Funds	38
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	40

**FEDERAL REPORTS**

Schedule of Expenditures of Federal Awards	42
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	43
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	45
Schedule of Findings and Questioned Costs	47
Corrective Action Plan	49



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## Independent Auditor's Report

Board of Commissioners  
Boise County, Idaho  
Idaho City, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Boise County, Idaho** (the County), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Boise County, Idaho**, as of September 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2012, on our consideration of **Boise 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 30 through 34 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.

**Boise County, Idaho** has omitted 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 **Boise County, Idaho's** financial statements as a whole. The accompanying supplemental information (pages 35 to 41) is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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  
May 2, 2012

**Boise County, Idaho**  
**Statement of Net Assets**  
**September 30, 2010**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 6,735,224
Receivables:	
Property Taxes, Net	567,776
Due from Other Governments	313,668
Capital Assets:	
Land	195,772
Buildings, Net	814,314
Equipment, Net	2,612,419
Total Capital Assets	<u>3,622,505</u>
Total Assets	<u>11,239,173</u>
 <b>Liabilities</b>	
Accounts Payable	42,534
Accrued Interest	23,839
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	121,911
Municipal Lease	396,969
Due in More than One Year:	
Other Post-Employment Benefits	7,905
Compensated Absences	30,479
Claims and Judgments	5,400,000
Municipal Lease	637,854
Total Liabilities	<u>6,661,491</u>
 <b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	2,587,682
Unrestricted (Deficit) Surplus	1,990,000
Total Net Assets	<u>\$ 4,577,682</u>

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

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

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets - Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 2,718,869	\$ 0	\$ 138,430	\$ 0	\$ (2,580,439)
Public Safety	2,266,875	0	91,651	73,110	(2,102,114)
Highways and Roads	1,957,893	0	321,859	986,278	(649,756)
Sanitation	588,250	50,700	0	0	(537,550)
Weed Control	214,141	73,328	145,270	0	4,457
Welfare	137,057	0	0	0	(137,057)
Education	10,300	0	0	0	(10,300)
Culture and Recreation	49,257	31,765	0	0	(17,492)
Interest on Long-term Debt	53,017	0	0	0	(53,017)
<b>Total Governmental Activities</b>	<u>7,995,659</u>	<u>155,793</u>	<u>697,210</u>	<u>1,059,388</u>	<u>(6,083,268)</u>
<b>Total Primary Government</b>	<u>\$ 7,995,659</u>	<u>\$ 155,793</u>	<u>\$ 697,210</u>	<u>\$ 1,059,388</u>	<u>(6,083,268)</u>

General Revenues:	
Property Taxes - All Funds	4,035,506
Other	2,720,918
Investment Earnings to Trusts	(455,709)
Disposal of Assets	143,452
<b>Total General Revenues and Special Items</b>	<u>6,444,167</u>
Extraordinary Item - Claims and Judgments	(5,400,000)
<b>Change in Net Assets</b>	<u>(5,039,101)</u>
Net Assets, Beginning of Year	9,616,783
<b>Net Assets, End of Year</b>	<u>\$ 4,577,682</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 2,201,148	\$ 6,735,224
169,454	567,776
5,644	313,668
<u>\$ 2,376,246</u>	<u>\$ 7,616,668</u>

\$ 0	\$ 42,534
<u>162,665</u>	<u>528,845</u>
<u>162,665</u>	<u>571,379</u>

2,213,581	5,570,907
0	1,474,382
<u>2,213,581</u>	<u>7,045,289</u>
<u>\$ 2,376,246</u>	<u>\$ 7,616,668</u>

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

Total Fund Balances - Governmental Funds \$ 7,045,289

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	\$ 195,772	
Buildings, net of \$320,877 accumulated depreciation	814,314	
Equipment, net of \$3,781,575 accumulated depreciation	<u>2,612,419</u>	
		3,622,505

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures and, therefore, are deferred in the funds. 528,845

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. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Assets.

Accrued Interest		(23,839)
Claims and Judgments	(5,400,000)	
Municipal Leases	(1,034,823)	
Other Post-Employment Benefits	(7,905)	
Compensated Absences	<u>(152,390)</u>	
Total Long-Term Liabilities		<u>(6,595,118)</u>

Net Assets of Governmental Activities \$ 4,577,682

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

Other Governmental Funds	Total Governmental Funds
\$ 1,196,926	\$ 3,931,127
290,794	1,756,598
616,058	2,876,711
<u>2,103,778</u>	<u>8,564,436</u>

975,223	2,345,032
326,407	2,119,173
0	1,264,153
0	506,845
240,151	240,151
137,057	137,057
10,300	10,300
27,533	27,533
70,079	466,807
4,264	52,262
0	1,407,479
<u>1,791,014</u>	<u>8,576,792</u>

<u>312,764</u>	<u>(12,356)</u>
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0	518,187
0	(455,709)
0	47,454
0	188,605
(36,449)	(188,605)
<u>(36,449)</u>	<u>109,932</u>

276,315	97,576
1,937,266	6,947,713
<u>\$ 2,213,581</u>	<u>\$ 7,045,289</u>

**Boise County, Idaho**  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of the  
 Governmental Funds to the Statement of Activities  
 For the Year Ended September 30, 2010

Total Net Change in Fund Balance - Governmental Funds \$ 97,576

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	\$ 734,508	
Disposal of Assets	95,998	
Depreciation Expense	<u>(635,190)</u>	195,316

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. 104,379

Some capital additions were financed through municipal leases payable. In governmental funds, a municipal lease payable arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability. (518,187)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Accrued Interest	(757)	
Extraordinary Item - Claims and Judgments	(5,400,000)	
Municipal Lease Principal	466,809	
Other Post-Employment Benefits	(7,905)	
Compensated Absences	<u>23,668</u>	<u>(4,918,185)</u>

Change in Net Assets of Governmental Activities \$ (5,039,101)

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

**Boise County, Idaho**  
**Statement of Fiduciary Net Assets**  
**September 30, 2010**

	Agency Funds			Pension Trust Fund	Total
	State Remittance	Special Taxing District	Miscellaneous Trusts		
<b>Assets</b>					
Cash and Cash Equivalents	\$ 593	\$ 159	\$ 1,836,387	\$ 37,461	\$ 1,874,600
Property Taxes Receivable	0	545,194	0		545,194
<b>Total Assets</b>	<b>\$ 593</b>	<b>\$ 545,353</b>	<b>\$ 1,836,387</b>	<b>37,461</b>	<b>2,419,794</b>
<b>Liabilities</b>					
Due to Other Funds or Taxing Units	\$ 593	\$ 545,353	\$ 1,836,387	0	2,382,333
<b>Net Assets Held in Trust</b>				<b>\$ 37,461</b>	<b>\$ 37,461</b>

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

**Boise County, Idaho**  
Statement of Changes in Fiduciary Net Assets -  
Fiduciary Funds  
September 30, 2010

	Pension Trust Fund
<b>Additions</b>	
Contributions	\$ 13,424
Total Contributions	13,424
Investment Income:	
Net Increase (Decrease) in Fair Value of Investments	1,645
Less: Investment Expense	(170)
Net Investment Income	1,475
Total Additions	14,899
<b>Deductions</b>	
Withdrawals	6,253
Total Deductions	6,253
Change in Net Assets	8,646
Net Assets - Beginning	28,815
Net Assets - Ending	\$ 37,461

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

**Boise 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 any component units, entities for which the government is considered to be financially accountable. However, the County's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

The accounting policies of the County conform to generally accepted accounting principles as applicable to governmental units.

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.

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.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*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.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. 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.
- *Justice fund.* This fund accounts for various fees collected by the court and court operating costs.
- *Solid Waste fund.* This fund accounts for solid waste management services.

Fiduciary Funds

The County reports the following fiduciary fund types:

- *Agency funds and Pension Trust fund.* These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Of the four categories, **Boise County, Idaho** has Agency Funds and a Pension Trust. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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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. Non-exchange 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.

Fund Balance Reporting in Governmental Funds

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

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Unassigned.* Balances available for any purpose.

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

C. Assets and Liabilities

Cash Equivalents

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

Property Taxes

In accordance with Idaho law, ad-valorem property taxes are levied in September for each calendar year. Taxes are recorded by the County using the modified accrual basis of accounting. Levies are made on or before the 2nd Monday of September. All of the personal property taxes and one-half of the real property taxes are due on or before the 20th of December. The remaining one-half of the real property tax is due on or before June 20th of the following year. A lien is filed on property three years from the date of delinquency.

The property tax calendar is as follows:

Date property is valued	January 1 <sup>st</sup>
Date tax levies are established	Second Monday of September
Date taxes are billed	November 20
Date taxes are collected	One half on December 20 and half on the following June 20
Date taxes become delinquent	First day of January of the succeeding year

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below:

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

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Compensated Absences

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.

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.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable of the governmental activities consists of property taxes, sales taxes, use taxes, state grants, federal grants and other miscellaneous receivables. The allowance for doubtful accounts for the governmental activities is \$-0- as of September 30, 2010.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2010, the carrying amount of the County's deposits was \$4,984,228 and the respective bank balances totaled \$5,337,994. Of the total bank balance, \$4,963,833 were insured or collateralized with pooled securities held by the pledging institution in the name of the County. The County also keeps \$1,000 petty cash on hand for their change drawers.

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. It is the County's policy to fully collateralize deposits exceeding insurance limits with government and/or agency securities held by the pledging financial institution. As of September 30, 2010, \$374,162 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.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The County 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.

It is the County's policy that acceptable financial instruments must have a credit rating of A or better by Standard & Poor's Corporation (S&P) or an equivalent nationally

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

2. CASH AND INVESTMENTS (continued)

recognized statistical rating organization.

Interest Rate Risk

To help manage its exposure to fair value losses from increasing interest rates, it is the County's policy to invest in financial instruments whose maturities do not exceed 1,460 days (four years) but maturities are to be consistent with the needs of the County. The County's intent is to also invest locally as long as rates remain competitive.

Investments

The County voluntarily participates in the State of Idaho Investment Pool. 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 it as an allowable investment. The fair value of the County's investment in the pool is the same as the value of the pool shares. The County also invests in the State of Idaho Diversified Bond Fund, other bonds (which are uninsured and uncollateralized held by Wells Fargo Securities, LLC), and funds are invested in a fiduciary capacity in a 457 defined benefit plan. Investment earnings, excluding the 457 plan, have been assigned to a fiduciary fund until such time as the County distributes the earnings to the various funds.

The County's investments at September 30, 2010, are summarized below:

Investment Type	Credit Rating	Fair Value	Investment Maturities (in years)	
			Less Than 1	1-5
State Investment Pool	Not Rated	\$ 49,564	\$ 49,564	\$ 0
State Bond Fund	AAA+	2,585,969	0	2,585,969
Bonds	AAAm	1,003,500	1,003,500	0
457 Plan	N/A	37,461	37,461	0
		<u>\$3,676,494</u>	<u>\$ 1,090,525</u>	<u>\$ 2,585,969</u>

At year-end, the cash and investments were reported in the basic financial statements in the following categories:

	Governmental		
	Activities	Fiduciary Funds	Total
Cash and cash equivalents	\$ 3,234,121	\$ 1,699,209	\$ 4,933,330
Investments categorized as deposits	3,501,103	175,391	3,676,494
	<u>\$ 6,735,224</u>	<u>\$ 1,874,600</u>	<u>\$ 8,609,824</u>

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

2. CASH AND INVESTMENTS (continued)

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

	Book Balance	Bank Balance
Tax Collector	\$ 45,523	\$ 98,553
Tax Trust	7,278	1,104
Credit Card	(903)	13,466
	\$ 51,898	\$ 113,123

3. CAPITAL ASSETS

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

	Balance 10/1/2009	Restate- ment	Additions	Disposals	Balance 9/30/2010
<u>Governmental Activities:</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 195,772	\$ 0	\$ 0	\$ 0	\$ 195,772
Capital Assets Being Depreciated:					
Buildings and Improvements	1,083,486	(28,186)	79,891	0	1,135,191
Equipment	<u>6,285,160</u>	<u>28,186</u>	<u>654,617</u>	<u>(573,969)</u>	<u>6,393,994</u>
Total Historical Cost	<u>7,368,646</u>	<u>0</u>	<u>734,508</u>	<u>(573,969)</u>	<u>7,529,185</u>
Less: Accumulated Depreciation					
Buildings and Improvements	320,717	(19,788)	19,948	0	320,877
Equipment	<u>3,607,691</u>	<u>19,788</u>	<u>615,242</u>	<u>(461,146)</u>	<u>3,781,575</u>
Total Accumulated Depreciation	<u>3,928,408</u>	<u>0</u>	<u>635,190</u>	<u>(461,146)</u>	<u>4,102,452</u>
Net Depreciable Assets	<u>3,440,238</u>	<u>0</u>	<u>99,318</u>	<u>(112,823)</u>	<u>3,426,733</u>
Governmental Activities					
Capital Assets - Net	<u>\$3,636,010</u>	<u>\$ 0</u>	<u>\$ 99,318</u>	<u>\$ (112,823)</u>	<u>\$3,622,505</u>

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

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3. CAPITAL ASSETS (continued)

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

Governmental Activities:

General Government	\$ 47,830
Public Safety	188,397
Highways and Roads	296,316
Sanitation	49,926
Weed Control	30,997
Culture and Recreation	21,724
	<u>\$ 635,190</u>

4. 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 sick leave represents a potential liability to the County.

	<u>10/1/2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2010</u>	<u>Current</u>
Compensated Absences	<u>\$ 176,058</u>	<u>\$ 190,496</u>	<u>\$ 214,164</u>	<u>\$ 152,390</u>	<u>\$ 121,911</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 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 credited 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.

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

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5. PENSION PLAN (continued)

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](http://www.persi.idaho.gov).

The actuarially determined contribution requirements of the County and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2010, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/ firefighter members. The County employer contributions required and paid were \$266,880, \$268,073, and \$261,401 for the three years ended September 30, 2010, 2009, and 2008, respectively.

6. LONG-TERM OBLIGATIONS

Government-wide Activities:

The County leases certain equipment and property under long-term lease agreements. Certain leases have been recorded as municipal leases and others as operating leases. The municipal leases consist of:

Building	\$ 185,695
Equipment	2,962,412
Less: accumulated amortization (included as depreciation on the accompanying financial statements)	<u>(1,005,620)</u>
	<u>\$ 2,142,487</u>

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

6. LONG-TERM OBLIGATIONS (continued)

Changes in long-term obligations for the year ended September 30, 2010, are as follows:

Description	Rate	Maturity	10/1/2009	Increase	Decrease	9/30/2010	Current
Lease-2 Sheriff Vehicles	7.00%	2010	\$ 15,034	\$ 0	\$ (15,034)	\$ 0	\$ 0
Lease-GMC Sierra Pickup	9.11%	2010	8,944	0	(6,326)	2,618	2,618
Lease-Placerville Amb.	4.88%	2011	47,625	0	(47,625)	0	0
Lease-Kubota Tractor	5.71%	2011	18,755	0	(9,111)	9,644	9,644
Lease-5 Graders	5.50%	2011	229,090	0	(111,479)	117,611	117,611
Lease-08 Ford Pickup	6.60%	2011	17,218	0	(8,334)	8,884	8,884
Lease-3 Snow Plows	5.20%	2012	239,335	0	(75,770)	163,565	79,710
Lease-Cat Compactor	4.15%	2012	48,796	0	(1,789)	47,007	1,862
Lease-6 Sheriff Vehicles	6.45%	2012	120,389	0	(37,649)	82,740	40,077
Lease-Real Property	6.35%	2013	150,494	0	(34,176)	116,318	36,381
Lease-Idaho City Amb.	4.65%	2013	87,765	0	(22,454)	65,311	20,774
Lease-Backhoe	4.20%	2014	0	86,773	(18,811)	67,962	15,957
Lease-Wheel Loader	3.80%	2014	128,879	157,414	(162,753)	123,540	29,179
Lease-Wheel Loader	4.40%	2016	79,942	274,000	(124,319)	229,623	34,272
			<u>\$1,192,266</u>	<u>\$518,187</u>	<u>\$(675,630)</u>	<u>\$1,034,823</u>	<u>\$396,969</u>

Debt service requirements on long-term debt at September 30, 2010, are as follows:

Year Ending September 30,	Municipal Leases	
	Principal	Interest
2011	\$ 396,969	\$ 50,989
2012	314,842	29,926
2013	150,108	14,011
2014	89,685	7,376
2015	40,714	3,662
2016	42,505	1,871
	<u>\$ 1,034,823</u>	<u>\$ 107,835</u>

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

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7. RISK MANAGEMENT

The County is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and

8. LEASE COMMITMENTS

The County has entered into a lease agreement on the PA building over a period of 20 years. Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2011	\$ 6,000
2012	6,000
2013	6,000
2014	6,000
2015	6,000
2016-2020	33,000
2021	2,200
	<u>\$ 65,200</u>

The County has entered into a lease agreement for office space for the county EMT Facility over a period of 22 years. Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2011	\$ 1,000
2012	1,000
2013	1,000
2014	1,000
2015	1,000
2016-2020	5,000
2021-2022	2,000
	<u>\$ 12,000</u>

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

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8. LEASE COMMITMENTS (continued)

The County has entered into a lease agreement to house emergency vehicles over a period of 10 years. Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2011	\$ 7,673
2012	7,673
2013	7,673
	<u>\$ 23,019</u>

The County entered into a lease for a 9245H Cat Wheel Loader over a period of five years. Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2011	\$ 13,762
2012	13,762
2013	13,762
2014	13,762
2015	80,000
	<u>\$ 135,048</u>

Rent expenditures for the year ended September 30, 2010, were \$43,367.

9. DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units (State of Idaho) consist of highway revenue tax of \$211,829 and state revenue sharing of \$101,839 for a total of \$313,668.

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

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10. TRANSFERS

Transfers to/from other funds at September 30, 2010 consist of the following:

\$ 112,186	From the Road and Bridge fund to the General fund to pay for expenses
1,560	From the Justice fund to the General fund to pay for expenses.
38,410	From the Solid Waste fund to the General fund to pay for expenses.
<u>36,449</u>	From Other Governmental funds to the General fund to pay for expense:
<u>\$ 188,605</u>	Total

11. OTHER POST-EMPLOYMENT BENEFITS

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

Other post-employment benefits (OPEB) have historically been funded on a pay-as-you-go basis. Under government accounting standards, plan sponsors may set up a trust and pre-fund benefits. There is no requirement to pre-fund benefits. However, if benefits are not pre-funded, a net OPEB obligation is created and will grow over time. The County has not pre-funded these benefits. The contribution requirement of plan members is established by the Board of Commissioners in conjunction with the insurance provider. Monthly contribution rates in effect for retirees under age 65 during fiscal year 2010 were \$561 for a single person or \$1,093 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 \$50,708 or 2.1% of covered payroll. The annual required contribution (ARC) for fiscal year 2010 is \$8,692. 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.

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

11. OTHER POST-EMPLOYMENT BENEFITS (continued)

Annual required contribution	\$ 8,503
Interest on net OPEB obligation	189
Estimated employer contribution	<u>(787)</u>
Increase in net OPEB obligation	7,905
Net OPEB obligation - beginning of year	<u>0</u>
Net OPEB obligation - end of year	<u>\$ 7,905</u>

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

Year Ending September 30,	Annual OPEB Cost	Estimated Contribution as a % of Annual OPEB Cost	Net OPEB Obligation
2010	\$ 8,692	9%	\$ 7,905
2011	8,692	18%	14,934
2012	8,692	14%	22,198

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2009	\$ 0	\$ 50,708	\$ 50,708	0%	\$ 2,446,614	2.1%

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

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11. OTHER POST-EMPLOYMENT BENEFITS (continued)

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.

12. EXTRAORDINARY ITEM – LEGAL JUDGMENT

In December of 2010, the County lost a lawsuit related to its issuance of a conditional use permit, in violation of the Federal Fair Housing Act, filed prior to September 30, 2010. The jury returned a verdict of \$4,000,000 against the County and the plaintiffs in the lawsuit also filed a petition requesting payment of costs and attorney fees in excess of \$1,400,000.

The County filed a petition for bankruptcy in March of 2011. A motion for dismissal of bankruptcy was filed thereafter by the plaintiffs, both in the Federal Bankruptcy Court. In late June of 2011, a hearing was held at the Federal Courthouse on the matter. On September 2, 2011, the Federal Court formally dismissed the County's petition of bankruptcy, finding the County properly filed bankruptcy but that the County was not insolvent because it could use some restricted funds and ordered the County to pay the judgment and related costs. The County participated in a settlement conference with the plaintiffs in September of 2011 and ultimately agreed upon a settlement totaling \$5,400,000 at 5.5% a.p.r. The terms of the settlement included payments totaling \$2,250,000 to be paid in the first quarter of the County's 2012 fiscal year with the remaining balance to be paid over a four year time period. Semi-annual payments will take place in February and September beginning in 2013 and total \$811,000 annually. A warrant redemption fund has been established to facilitate all payments associated with the judgment.

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

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13. SUBSEQUENT EVENTS

Due to the loss of a lawsuit in December 2010, which resulted from events that occurred before September 30, 2010, the County had petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The petition was denied on September 2, 2011. Information related to the liability from the lawsuit can be found in Note 12.

***REQUIRED SUPPLEMENTARY INFORMATION***

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 898,548	\$ 898,548	\$ 910,444	\$ 11,896
Grants	0	0	110,884	110,884
Other	1,125,060	1,605,657	919,417	(686,240)
<b>Total Revenues</b>	<u>2,023,608</u>	<u>2,504,205</u>	<u>1,940,745</u>	<u>(563,460)</u>
<b>Expenditures</b>				
Current:				
Salaries	854,564	854,564	807,790	46,774
Benefits	343,899	343,899	296,945	46,954
Operating Expenses	610,721	742,439	668,145	74,294
Debt Service:				
Principal	0	7,200	6,326	874
Interest	0	0	851	(851)
Capital Outlay	214,424	556,103	366,862	189,241
<b>Total Expenditures</b>	<u>2,023,608</u>	<u>2,504,205</u>	<u>2,146,919</u>	<u>357,286</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>(206,174)</u>	<u>(206,174)</u>
<b>Other Financing Sources (Uses)</b>				
Interest to Trust	0	0	(227,855)	(227,855)
Transfers In	0	0	188,605	188,605
Transfers (Out)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(39,250)</u>	<u>(39,250)</u>
<b>Net Change in Fund Balances</b>	0	0	(245,424)	(245,424)
Fund Balance - Beginning	0	0	1,719,806	1,719,806
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,474,382</u>	<u>\$ 1,474,382</u>

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Grants	\$ 0	\$ 0	\$ 1,308,137	\$ 1,308,137
Other	2,136,546	2,384,168	835,700	(1,548,468)
Total Revenues	<u>2,136,546</u>	<u>2,384,168</u>	<u>2,143,837</u>	<u>(240,331)</u>
<b>Expenditures</b>				
Current:				
Salaries	584,533	587,018	581,202	5,816
Benefits	224,191	224,658	221,961	2,697
Other Expenses	596,196	623,010	460,990	162,020
Debt Service:				
Principal	351,319	226,319	295,209	(68,890)
Interest	0	0	28,168	(28,168)
Capital Outlay	493,500	724,170	941,805	(217,635)
Total Expenditures	<u>2,249,739</u>	<u>2,385,175</u>	<u>2,529,335</u>	<u>(144,160)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(113,193)</u>	<u>(1,007)</u>	<u>(385,498)</u>	<u>(384,491)</u>
<b>Other Financing Sources (Uses)</b>				
Debt Proceeds	0	0	518,187	518,187
Sale of Assets	0	0	47,454	47,454
Transfers In	0	0	0	0
Transfers (Out)	0	(112,186)	(112,186)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(112,186)</u>	<u>453,455</u>	<u>565,641</u>
Net Change in Fund Balances	(113,193)	(113,193)	67,957	181,150
Fund Balance - Beginning	113,193	113,193	1,235,571	1,122,378
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,303,528</u>	<u>\$ 1,303,528</u>

**Boise County, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Justice Fund  
 For the Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,144,824	\$ 1,144,824	\$ 1,139,530	\$ (5,294)
Grants	0	0	46,783	46,783
Other	428,812	486,592	392,717	(93,875)
<b>Total Revenues</b>	<u>1,573,636</u>	<u>1,631,416</u>	<u>1,579,030</u>	<u>(52,386)</u>
<b>Expenditures</b>				
Current:				
Salaries	857,039	876,654	835,944	40,710
Benefits	330,181	333,665	306,349	27,316
Operating Expenses	320,416	310,337	247,402	62,935
Debt Service:				
Principal	0	109,200	95,193	14,007
Interest	0	0	18,979	(18,979)
Capital Outlay	66,000	0	0	0
<b>Total Expenditures</b>	<u>1,573,636</u>	<u>1,629,856</u>	<u>1,503,867</u>	<u>125,989</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>1,560</u>	<u>75,163</u>	<u>73,603</u>
<b>Other Financing Sources (Uses)</b>				
Interest to Trust	0	0	(227,854)	(227,854)
Transfers In	0	0	0	0
Transfers (Out)	0	(1,560)	(1,560)	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(1,560)</u>	<u>(229,414)</u>	<u>(227,854)</u>
<b>Net Change in Fund Balances</b>	0	0	(154,251)	(154,251)
<b>Fund Balance - Beginning</b>	0	0	852,657	852,657
<b>Fund Balance - Ending</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 698,406</u>	<u>\$ 698,406</u>

**Boise County, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Solid Waste  
 For the Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 0	\$ 0	\$ 684,227	\$ 684,227
Other	710,300	770,300	112,819	(657,481)
Total Revenues	<u>710,300</u>	<u>770,300</u>	<u>797,046</u>	<u>26,746</u>
<b>Expenditures</b>				
Current:				
Salaries	172,717	172,717	157,407	15,310
Benefits	52,615	52,615	50,628	1,987
Operating Expenses	504,590	466,180	298,810	167,370
Capital Outlay	51,000	111,000	98,812	12,188
Total Expenditures	<u>780,922</u>	<u>802,512</u>	<u>605,657</u>	<u>196,855</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(70,622)</u>	<u>(32,212)</u>	<u>191,389</u>	<u>223,601</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers (Out)	0	(38,410)	(38,410)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(38,410)</u>	<u>(38,410)</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(70,622)	(70,622)	152,979	223,601
Fund Balance - Beginning	70,622	70,622	1,202,413	1,131,791
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,355,392</u>	<u>\$ 1,355,392</u>

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

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1. BUDGETS AND BUDGETARY ACCOUNTING

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 1, the County Clerk and County Commissioners prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the County Courthouse to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The County is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The County, however, must follow the same budgetary procedures as they followed when the original budget was approved.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.
- F. The budget for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles.
- G. Expenditures may not legally exceed budgeted appropriations at the fund level. The County does not use the encumbrance method of accounting.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Road and Bridge	\$ 144,160
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***SUPPLEMENTAL INFORMATION***

**Boise County, Idaho**  
 Supplemental Schedule of Revenues by Source  
 Budget (GAAP Basis) and Actual - General Fund  
 For the Year Ended September 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
Property Taxes	\$ 898,548	\$ 910,444	\$ 11,896
Grants	0	110,884	110,884
Other Revenue	1,605,657	919,417	(686,240)
<b>Total Revenue</b>	<u>2,504,205</u>	<u>1,940,745</u>	<u>(563,460)</u>
Interest to Trust	0	(227,855)	(227,855)
Transfers In	0	188,605	188,605
Transfers (Out)	0	0	0
<b>Total Revenue</b>	<u>\$ 2,504,205</u>	<u>\$ 1,901,495</u>	<u>\$ (602,710)</u>

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

	Budget	Actual	Variance
<b>Clerk-Auditor:</b>			
Salaries	\$ 267,196	\$ 248,201	\$ 18,995
Benefits	109,333	91,358	17,975
Other Expenses	32,600	33,463	(863)
Capital Outlay	5,000	3,953	1,047
	<u>414,129</u>	<u>376,975</u>	<u>37,154</u>
<b>Assessor:</b>			
Salaries	149,857	148,434	1,423
Benefits	65,186	63,454	1,732
Other Expenses	24,500	12,533	11,967
Capital Outlay	1,500	0	1,500
	<u>241,043</u>	<u>224,421</u>	<u>16,622</u>
<b>Treasurer/Tax Collector:</b>			
Salaries	110,832	90,244	20,588
Benefits	42,703	31,203	11,500
Other Expenses	25,190	13,284	11,906
Capital Outlay	1,000	1,022	(22)
	<u>179,725</u>	<u>135,753</u>	<u>43,972</u>
<b>Commissioners:</b>			
Salaries	85,819	85,835	(16)
Benefits	37,898	25,075	12,823
Other Expenses	12,000	10,293	1,707
	<u>135,717</u>	<u>121,203</u>	<u>14,514</u>
<b>Coroner:</b>			
Salaries	14,420	14,420	0
Benefits	2,691	2,498	193
Other Expenses	29,800	28,161	1,639
	<u>46,911</u>	<u>45,079</u>	<u>1,832</u>
<b>Emergency Management:</b>			
Salaries	43,568	43,469	99
Benefits	8,277	8,249	28
Other Expenses	174,102	149,844	24,258
Debt Service	7,200	7,177	23
Capital Outlay	0	800	(800)
	<u>233,147</u>	<u>209,539</u>	<u>23,608</u>

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

	Budget	Actual	Variance
Contingency:			
Other Expenses	2,765	2,730	35
	<u>2,765</u>	<u>2,730</u>	<u>35</u>
Data Processing:			
Other Expenses	128,075	123,122	4,953
Capital Outlay	5,000	2,210	2,790
	<u>133,075</u>	<u>125,332</u>	<u>7,743</u>
CDH and Community Projects:			
Other Expenses	50,511	50,511	0
	<u>50,511</u>	<u>50,511</u>	<u>0</u>
General Operations:			
Salaries	71,461	70,303	1,158
Benefits	35,844	34,992	852
Other Expenses	84,426	71,509	12,917
Capital Outlay	7,000	17,678	(10,678)
	<u>198,731</u>	<u>194,482</u>	<u>4,249</u>
Planning and Zoning:			
Salaries	111,411	106,884	4,527
Benefits	41,967	40,116	1,851
Other Expenses	22,040	16,265	5,775
Capital Outlay	2,724	2,218	506
	<u>178,142</u>	<u>165,483</u>	<u>12,659</u>
Extraordinary Legal/Homicide:			
Other Expenses	156,430	156,430	0
	<u>156,430</u>	<u>156,430</u>	<u>0</u>
Capital Project	<u>533,879</u>	<u>338,981</u>	<u>194,898</u>
Total Expenditures	<u>\$ 2,504,205</u>	<u>\$ 2,146,919</u>	<u>\$ 357,286</u>

Tort	Junior College Tuition	Weeds	Emergency Communications 911	Snowmobile IC8-A
\$ 170,124	\$ 135,944	\$ 275,894	\$ 84,365	\$ 27,113
47,915	0	2,080	0	0
0	0	0	0	0
<u>\$ 218,039</u>	<u>\$ 135,944</u>	<u>\$ 277,974</u>	<u>\$ 84,365</u>	<u>\$ 27,113</u>

\$ 45,971	\$ 0	\$ 2,002	\$ 0	\$ 0
45,971	0	2,002	0	0
172,068	135,944	275,972	84,365	27,113
<u>\$ 218,039</u>	<u>\$ 135,944</u>	<u>\$ 277,974</u>	<u>\$ 84,365</u>	<u>\$ 27,113</u>

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

	Snowmobile GV8-B	Sheriff's Reserves	Sheriff's Vessel	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 13,629	\$ 12,311	\$ 108,963	\$ 2,201,148
Receivables:				
Taxes	0	0	0	169,454
Due from Other Governments	0	0	0	5,644
<b>Total Assets</b>	<b>\$ 13,629</b>	<b>\$ 12,311</b>	<b>\$ 108,963</b>	<b>\$ 2,376,246</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Deferred Revenue	\$ 0	\$ 0	\$ 0	\$ 162,665
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>162,665</b>
<b>Fund Balances, Assigned</b>	<b>13,629</b>	<b>12,311</b>	<b>108,963</b>	<b>2,213,581</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,629</b>	<b>\$ 12,311</b>	<b>\$ 108,963</b>	<b>\$ 2,376,246</b>

Tort	Junior College Tuition	Weeds	Emergency Communications 911	Snowmobile IC8-A
\$ 378,824	\$ 0	\$ 11,443	\$ 0	\$ 0
0	0	145,270	0	0
14,616	25,255	87,201	90,518	23,281
<u>393,440</u>	<u>25,255</u>	<u>243,914</u>	<u>90,518</u>	<u>23,281</u>
0	0	72,065	0	5,184
0	0	20,628	0	433
355,151	10,300	147,458	98,163	9,415
0	0	0	0	0
0	0	0	0	0
<u>355,151</u>	<u>10,300</u>	<u>240,151</u>	<u>98,163</u>	<u>15,032</u>
38,289	14,955	3,763	(7,645)	8,249
0	0	0	0	0
0	(487)	0	0	(1,298)
0	(487)	0	0	(1,298)
38,289	14,468	3,763	(7,645)	6,951
133,779	121,476	272,209	92,010	20,162
<u>\$ 172,068</u>	<u>\$ 135,944</u>	<u>\$ 275,972</u>	<u>\$ 84,365</u>	<u>\$ 27,113</u>

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

	Snowmobile GV8-B	Sheriff's Reserves	Sheriff's Vessel	Total
<b>Revenues</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 1,196,926
Grants	0	13,781	31,087	290,794
Other	12,950	11,040	40,097	616,058
<b>Total Revenues</b>	<u>12,950</u>	<u>24,821</u>	<u>71,184</u>	<u>2,103,778</u>
<b>Expenditures</b>				
Current:				
Salaries	6,034	16,027	28,539	487,189
Benefits	504	2,263	2,538	181,902
Operating Expenses	5,963	489	14,976	1,047,580
Debt Service:				
Principal	0	0	0	70,079
Interest	0	0	0	4,264
<b>Total Expenditures</b>	<u>12,501</u>	<u>18,779</u>	<u>46,053</u>	<u>1,791,014</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>449</u>	<u>6,042</u>	<u>25,131</u>	<u>312,764</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers (Out)	(800)	(356)	(3,093)	(36,449)
<b>Total Other Financing Sources (Uses)</b>	<u>(800)</u>	<u>(356)</u>	<u>(3,093)</u>	<u>(36,449)</u>
<b>Net Change in Fund Balances</b>	(351)	5,686	22,038	276,315
Fund Balance, Beginning	13,980	6,625	86,925	1,937,266
<b>Fund Balance, Ending</b>	<u>\$ 13,629</u>	<u>\$ 12,311</u>	<u>\$ 108,963</u>	<u>\$ 2,213,581</u>

***FEDERAL REPORTS***

**Boise County, Idaho**  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2010

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Schools and Roads - Grants to Counties (Direct)	10.666	\$ 1,043,268
Passed through State Department of Agriculture		
Cooperative Forestry Assistance	10.664	63,034
ARRA - Wildland Fire Management	10.688	142,378
Total U.S. Department of Agriculture		<u>1,248,680</u>
<u>U.S. Department of Justice</u>		
Passed through State Department of Juvenile Corrections		
Juvenile Accountability Incentive Block Grant	16.523	4,000
Passed through State Department of Idaho State Police		
Violence Against Women Formula Grant	16.588	24,599
Total U.S. Department of Justice		<u>28,599</u>
<u>U.S. Department of Transportation</u>		
Highway Division (Direct)	20.205	338,879
Passed through State Department of Military Division		
Highway Planning and Construction	20.205	2,836
Alcohol Traffic Safety	20.601	7,720
Interagency Hazardous Material	20.600	1,294
Total U.S. Department of Transportation		<u>350,729</u>
<u>U.S. Department of Health &amp; Human Services</u>		
Passed through State Department of Health & Welfare		
State Domestic Preparedness Equipment	93.889	73,111
<u>U.S. Department of Homeland Security</u>		
Passed through State Department of Military Division		
Emergency Management Performance	97.042	13,280
Homeland Security Grant	97.067	98,096
Buffer Zone Protection Program	97.078	7,423
Passed through State Department of Parks and Recreation		
Boating Safety Financial Assistance	97.012	4,156
Total U.S. Department of Homeland Security		<u>122,955</u>
Total Federal Financial Assistance		<u>\$ 1,824,074</u>

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.



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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 County Commissioners  
Boise County  
Idaho City, Idaho

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Boise County, Idaho** as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 1, 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 **Boise 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 preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2010-1

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Boise 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*.

We noted certain matters that we reported to management of the County in a separate letter dated May 1, 2012.

The County's response to the finding identified in our audit is summarized in the accompanying corrective action plan. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and 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  
May 1, 2012



Certified Public Accountants

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**Independent Auditor's Report on Compliance With Requirements  
That Could Have a Direct and Material Effect on Each Major  
Program and on Internal Control Over Compliance in  
Accordance With OMB Circular A-133**

Board of County Commissioners  
Boise County  
Idaho City, Idaho

Compliance

We have audited **Boise County, Idaho's** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2010. **Boise County, Idaho's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Boise County, Idaho's** management. Our responsibility is to express an opinion on **Boise County, Idaho's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Boise County, Idaho's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **Boise County, Idaho's** compliance with those requirements.

In our opinion **Boise County, Idaho** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of **Boise County, Idaho** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we

considered **Boise County, Idaho's** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Boise County, Idaho's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the County Commissioners, others within the entity, and 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  
May 1, 2012

**Boise County, Idaho**  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2010

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**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Noncompliance material to financial statements noted?  yes  no

Significant deficiency(ies) identified that are not considered material weaknesses?  yes  none reported

*Federal Awards*

Internal control over major programs:

Noncompliance material to financial statements noted?  yes  no

Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

CFDA Numbers

Name of Federal Program

10.666

Schools and Roads -  
Grants to Counties

Dollar threshold used to distinguish between  
Type A and Type B programs: \$300,000

Auditee qualified as low risk auditee?  yes  no

### **Section II - Financial Statement Findings**

No matters reported.

### **Section III - Findings and Questioned Costs for Federal Awards**

2010-1: Filing of Timely Audit Report

Criteria:

Audit reports are to be filed in a timely manner.

Condition:

The County did not file the audit reports within the time period required by OMB Circular A-133.

Effect:

The granting agencies do not have a current audit.

Cause:

The condition is the result of delays in accurate information on the outcome of a lawsuit the County was involved in.

Recommendation:

The audits should be completed timely.

Response:

See Corrective Action Plan.

**Boise County, Idaho**  
Corrective Action Plan  
For the Year Ended September 30, 2010

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2010-1: Filing of Timely Audit Report

The Board of Commissioners is in the process of completing the delinquent audit and future audits will be completed timely.

If there are any questions regarding this plan, please contact the County at (208) 392-4431.